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NEWS SUMMARY

GENERAL

Liberals confident of pact approval

Social Democrat leaders Roy Jenkins and Shirley Williams will appear on the platform at the Liberal Assembly in Llandudno next week.

Liberal leaders are confident of endorsement for an electoral pact with the SDP, although some prominent Liberals will object. Back Page

Jail revolt ends

A prison revolt by 150 inmates in Bydgoszcz, Poland, ended peacefully. Solidarity said some reform demands had been accepted. Walensa call, Page 2; Credit talks, Page 3

New man on fast

John Pickering, 25, serving life for murder, joined the IRA hunger strike in Belfast's Maze prison. Page 8

Police killed

Two policemen were killed by a landmine near Pomeroy, County Tyrone.

'Racist' dismissal

An industrial tribunal ruled that the former assistant company secretary of Britain's second biggest property concern was dismissed because he was Jewish. Back Page

Arms warning

President Brezhnev said the USSR could match the U.S. and Nato in modernising its weapons.

'Enough' airports

No more inland airports should be built and Stansted development plans should be dropped, said Sir Colin Buchanan, president of the Council for the Protection of Rural England. Page 8

Embassy protest

Police arrested 54 unarmed Iranian students who invaded Iran's London embassy in an anti-Khomeini demonstration.

First black judge

West Indian lawyer Telford Georges was sworn in as Zimbabwe's first black supreme court judge.

Guernica talks

Spanish culture Minister Inigo Cavero was finalising details in New York for the return to Spain of Picasso's Guernica.

Mosques move

Egypt's Government said it would take over 40,000 privately owned mosques. Page4

Floods hit 1m

Floods in China's Shaanxi Province have affected more than 1m people. Page 4

Christy Brown

Paralysed writer Christy Brown, who typed the international best seller Down All the Days with his toes, died at 49.

Olympic hint

International Olympic Committee president Juan Antonio Samaranch said the Olympic movement may reform rules on amateur status.

Crosby golf win

Bing Crosby's son Nathanial, 19, won the U.S. Amateur Open Golf tournament.

Pricklebacks

North Devon Coastguards warned holidaymakers to beware an invasion of poisonous-spined weever fish.

Briefly . . .

New York held its first full-scale Labor Day parade for 13 years. Page 5

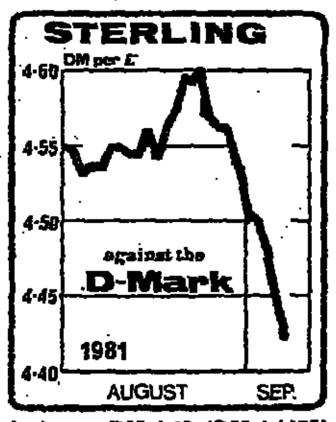
Emir of Kuwait begins the first visit to Turkey by a Gulf Head of State.

China accused Vietnam of armed provocation.

BUSINESS

Sterling off 2½c; equities down 7

● STERLING closed at $1.8180, a fall of 2½ cents from Friday's London close. It was weaker against European currencies



closing at DM 4.42 (DM 4.4475), SwFr 3.83 (SwFr 3.8675) and FFr 10.5550 (FFr 10.6850). Its trade-weighted index fell to 89.5 (90.5). Page 27

● DOLLAR was firmer closing at DM 2.4290 (DM 2.4125), SwFr 2.1060 (SwFr 2.0975), FFr 5.8050 (FFr 5.8000) and Y230.90 (Y229.75). Its trade-weighted index was up to 110.7 from 110.3. Page 27

● GOLD closed $1 down from Friday's close at $437. Page 27

● EQUITIES continued to be undermined by fund raising fears. The FT 30 share index was off 7 at 547.9. Page 30

● GILTS were inhibited by sterling's fall. The Government Securities Index was off 0.25 at 63.96. Page 30

● U.S. MARKETS were closed for Labor Day.

● A ROYAL BANK of Scotland merger with Hong Kong and Shanghai Banking Corporation would become an unsound structure said Royal managing director John Burke. Page 8

● SAUDI ARABIA is worried that the average price of a barrel of oil may fall below $32 because of price reductions by other Opec members. Back Page

● SANYO ELECTRIC decided to cut by half the amount of its $100m Eurobond convertible issue because of a deteriorating market for Japanese convertible bonds. Page 24

● NORTH SEA GAS price rises of at least 100 per cent are being urged on Ministers by the oil industry. Back Page

● POLAND'S Government meets its Western creditors this week in a fresh attempt to tackle the country's economic problems. Page 3

● JAPAN'S industial companies expect to report record half-year earnings for the six months to next March 31 after heavy setbacks in the current half. Page 26

● EUROPEAN INVESTMENT Bank, the EEC's long-term finance bank, has granted loans worth £15m to develop industry in the North of England and Cornwall. Page 7

● ITALY is studying ways in which its import deposit scheme, introduced as an emergency measure in May, can be extended. Page 6

● AUSTRALIAN projected investment in mining and manufacturing projects slowed significantly in the last six months. Page 4

● ARGENTINA'S gross domestic product fell 2.6 per cent in the second quarter of this year. Page 5

● ROLLS-ROYCE reported a drop in the sale of aircraft engine spares to airlines. Page 8

● METAL CLOSURES Group announced increased pre-tax profits of £2.7m for the first half against £2.56m. Turnover slipped from £33.74m to £33.18m. Page 20

● MELODY MILLS, wallpaper maker, reported taxable losses of £1.31m, compared with a surplus of £390,000, in the year to end-March. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		Blue Circle	506 − 10
Associated Dairies	194 + 6	Bowater	250 − 4
Berec	120 + 27	British Aerospace	229 − 12
British Mohair	50 + 5	GEC	768 − 22
Brown Brothers	24 + 3½	Hanson Trust	286 − 9
Harrisons Crosfield	806 + 56	Legal and General	251 − 10
Guthrie	887 + 225	Lowland Drapery	22 − 5
Geevor Tin	185 + 6	Pilkington	318 − 10
Peko-Wallsend	400 + 15	Plessey	383 − 8
		Prudential	241 − 6
FALLS:		Royal Bk. Scotland	178 − 10
Treasury 12½pc 03-05	£86¾ − ¼	Hampton Areas	175 − 10
BICC	276 − 10	Rand London Corp.	163 − 5

Angola suffers in silence as South African attacks continue

BY QUENTIN PEEL, RECENTLY IN LUBANGO

THE STREETS of Lubango are practically deserted but for a group of youths playing football with a rubbish-filled plastic bag. There is no reason to loiter, as the shops are shuttered and bare. All but a handful have been deserted since their Portuguese owners fled at independence six years ago.

The few shops open have little to offer: bags of rice, beans and sugar, tins of cooking oil, dried milk and jam, and a few packets of detergents. You need coupons to buy anything.

What was once a newsagent and tobacconist is now a bookshop hoasting a few pamphlets—Soviet publications on the constitution of the USSR and the life of President Leonid Brezhnev.

The Odeon cinema is padlocked and faded Hollywood stars stare down from the walls — a youthful Tony Curtis and Natalie Wood, and an ageless Sophia Loren. Lubango is like a town that has stood still.

The silence is broken only by the roar of MiG jet fighter aircraft taking off from the airport and a passing army truck half-filled with Angolan or Cuban soldiers.

The town is the military headquarters of Fapla, the Angolan army in southern Angola. It is also a base for the 18,000 Cuban soldiers still in the country since they arrived to support the ruling Marxist Popular Movement for the Liberation of Angola (MPLA) in the civil war that coincided with independence.

Civilians say there has been a big build-up of troops in the town since the invasion by South African forces across the border from Namibia two weeks ago.

Yet military activity remains desultory, and the atmosphere casual, even relaxed. Angolan, Cuban and Soviet soldiers and civilians lounge in the lobby of the Hotel Grande. A Red Cross team sits despondently awaiting military clearance to visit the war zone and assess the damage, the casualties and the refugees.

Fifty miles south of Lubango, South Africa rules the air, Impala jet trainer aircraft.

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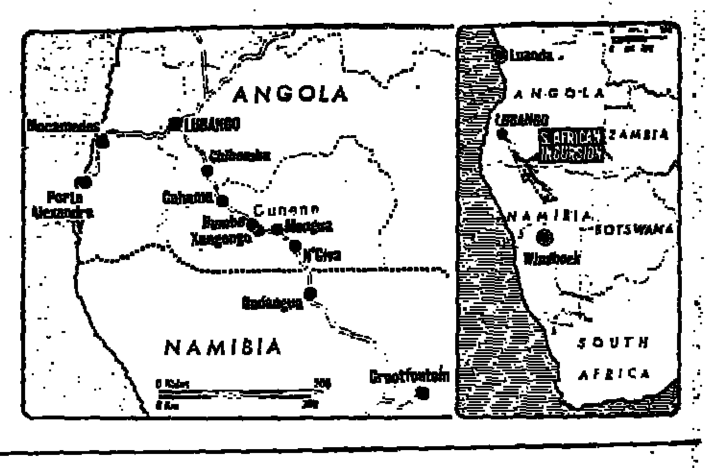

Right wing scores victory at TUC

BY CHRISTIAN TYLER, LABOUR EDITOR, IN BLACKPOOL

TUC DELEGATES yesterday voted for a complete change in the way their general council is selected.

The revolt at the congress in Blackpool against the present system was led by right-wingers. They hope to increase greatly both their numbers on the council and their influence on policy.

The proposed changes would also increase the ratio of public service and white collar unions to craft and industrial unions.

Because the new system would give automatic representation to unions with more than 100,000 members it could also stimulate a rash of mergers among the smaller unions.

By a card vote majority of 6,441,000 to 5,143,000, the congress delegates supported a motion from the Post Office Engineering Union asking the general council to put to next year's congress a system based on automatic and proportional representation for larger unions, and elections for the rest.

At present, all 41 councillors are elected annually by congress as a whole. The theory is that they speak for the whole trade union movement

But the system is said by moderates to encourage backstairs bartering, giving unfair patronage to the big battalions, and throwing up a surfeit of "unrepresentative" left-wingers.

The general council itself opposed the change, voting to preserve the status quo this year. Mr Len Murray, TUC general secretary, appealed to the delegates to let the council look at the idea, but his speech failed to convince.

Ironically, the new system would give a seat to Mr Roy Grantham of the clerical workers union, the right-winger who yesterday narrowly escaped a reprimand and ban for his canvassing of votes to oust prominent left-wingers. It would also give a seat to Mr Brian Stanley of the POEU who mounted a powerful performance in opening the debate.

Voting was mainly — but not entirely — on political lines. The support of the right-led Engineering workers was crucial as was that of the left-led Public Employees which has itself suffered from the existing system in the past.

The left consoled themselves with the thought that the proposal could still be defeated when it is brought to congress next year. Even if it was implemented, they said, it could in many circumstances work in their favour.

The unions not represented, who would automatically gain a seat, are Apex, the POEU, the Bank staff the National Graphical Association and two Civil Service unions, the Society of

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August car sales cheer industry

By John Griffiths

NEW CAR sales in August, at 245,948, were the second highest recorded in a single month.

The August figure means that new car sales so far this year are only 4.56 per cent down on 1980, and there is a growing belief that the long-awaited motor industry upturn is about to begin.

It was a record month for Ford, although it is the company most closely associated with fleet sales and August—

TOP TEN SELLERS

Ford Cortina	25,790
Escort	19,117
Fiesta	18,632
Metro	15,717
Vauxhall Astra	6,555
Morris Ital	6,492
Datsun Cherry	6,005
Vauxhall Chevette	5,955
Datsun Sunny	5,481
Ford Capri	4,901

when the new registration suffix is introduced—is traditionally a month for private buyers.

Ford's sales of 72,839, 29.64 per cent of the market, were 13 per cent above any previous month. Mr Sam Toy, chairman of Ford, believes the UK market this year could reach 1.47m units, only 40,000 below last year's level and well above the 1.39m being forecast immediately after the Budget.

The company says it is benefiting from a shift to smaller cars, with the new Escort in particular picking up many private buyers.

BL's market share was a disappointing 16.16 per cent. Though this was nearly one percentage point higher than a year before, the company had set itself a target of 20 per cent for the full year, with a level of 19.18 per cent for the eight months to the end of August.

BL says it met its targets for the month in volume terms, but it had been taken by surprise at the high level of sales overall.

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Malaysians snap up Guthrie in four-hour raid

BY JOHN MOORE

PERMODALAN Nasional, the Malaysian equity institution, yesterday acquired control of Guthrie Corporation, the UK based plantation group, in one of the fastest takeover bids the City of London has ever seen.

A share buying operation, carried out by stockbrokers Rowe and Pitman on behalf of the Malaysians, gave Permodalan a crucial stake of about 25 per cent in Guthrie and control in barely four hours yesterday morning.

Permodalan, which held a stake of around 25 per cent before yesterday's events, spent £72m yesterday building up its stake and during its share buying spree announced that it was going to make an offer for the outstanding equity of Guthrie.

Its eventual offer of 901p in cash placed a value of £282.5m on the entire equity of Guthrie. On the London stock market Guthrie's shares soared by 225p to 887p.

'Grotesque'

Mr Ian Coates, managing director of Guthrie who led a successful campaign fighting a bid from Sime Darby in 1979, said: "The City has performed absolutely as it always does. I have no criticism of anyone involved. But the system is grotesque."

As soon as the stock market opened for business in London Rowe and Pitman moved in and snapped up nearly 5 per cent of the equity. During the morning other purchases of around 12 per cent were made from shareholders who were said to be largely Far Eastern interests and sympathetic to the Malaysians.

Then at 11.13 am came the announcement that Permodalan's stake had reached 42 per cent, which was followed by the announcement of the bid. Its stake rapidly increased to 50.4 per cent.

By lunchtime a sad Mr Coates was telling the Press. "There is nothing to be said expect a requiem mass. Rothschilds (advisers to the Malaysians) strike again. I have extreme admiration for them."

Major seller

Permodalan originally acquired its 25 per cent stake from Sime Darby last December when Sime decided to sell its stake after its unsuccessful takeover attempts.

M & G, an important institutional shareholder still with around 6 or 7 per cent of the equity, was a major seller yesterday. It disposed of around 3 per cent of its holdings.

Mr David Hopkinson of M & G said: "I am very depressed that the market is beginning to take a short-term view the whole time. But poor old Guthrie didn't stand a dog's chance. It was all over in a matter of minutes."

The bid was accomplished before any formal offer document had been issued by Permodalan and before any defences could be mounted by Guthrie. "Private shareholders can now only read about it," observed Mr Coates.

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£ in New York

	Sept. 4	Previous
Spot	$1.8330-8350	$1.8480-8500
1 month	0.73-0.80 pm	0.73-0.80 pm
3 month	2.20-2.30 pm	2.20-2.30 pm
12 months	6.80-7.00 pm	6.80-7.00 pm

Germans hit EEC steel plan

BY GILES MERRITT IN BRUSSELS AND ROGER BOYES IN BONN

THE European Community's recovery plan for the steel industry has suffered a setback. Leading West German producers say they must postpone a price rise scheduled for next month at least until November.

Although most West German steel-makers appear to be prepared to impose the increase two leading producers indicated yesterday that most pressure for postponement stemmed from Thyssen, Europe's largest private steel concern.

Thyssen denied the charge and stressed that delaying the increase was a collective industry decision.

Under the latest EEC rescue programme, which came into force on July 1, all major Community steel companies agreed to a co-ordinated series of monthly rises which would lift prices to 15 per cent to 20 per cent above current levels by early next year.

The scheme is underpinned by agreements by which each concern adheres to production quotas fixed through a hybrid system of voluntary and mandatory controls.

Most major steel companies elsewhere in the EEC meanwhile are raising their prices in line with the agreed timetable.

The Brussels authorities emphasised yesterday that the German steelmakers' decision does not threaten the long-term prospects of EEC steel industry disciplines. It may, however, hamper the return to price stability—an important goal following a year or more of disruptive price-cutting.

The European Commission has been hoping to see average steel prices rise by up to 7 per cent a month.

Thyssen's critics suggest its highly-diversified structure cushions it from the worst effects of the crisis. Some maintain they are being particularly badly hurt by the delay and claim some German steel companies are facing serious liquidity problems.

Thyssen yesterday made clear that its support for postponing the price increase followed talks with some customers. Many large steel-consumers, especially in the motor industry, would find it difficult to pay major price increases, for steel plate, for example. The German steel industry would thus run the risk of some of its key consumers purchasing cheaper steel outside the EEC.

There seems little doubt everybody, apart from the steel-consuming companies, favours a rise in the steel price. The Bonn Government, for example, is particularly anxious that more revenue flows into the coffers of the weaker steel concerns and so reduces the need for large-scale subsidy.

The timing of such price rises however has become a key issue, principally because it is difficult to estimate how much the market can stand.

BP Oil pre-tax profits decline

BY SUE CAMERON

BP OIL yesterday announced reduced pre-tax profits of £9m for the first six months to June this year—an 88 per cent drop on the £75m reported for the same period in 1980.

On a current cost basis—excluding inflation—the company made a £93m loss before tax and interest. This is almost double the £53m current cost loss reported for the first half of 1980.

BP Oil, the marketing and refining arm of British Peroleum, blamed the huge fall in profits on increased costs combined with "intense competition." This had made it impossible to raise product prices to adequate levels.

There seems little immediate hope of any improvement in the company's business prospects. At the end of last week, BP Oil, in common with Shell and Esso, admitted that it had been forced to re-introduce price support for some of its petrol dealers. This came only three months after the company took the lead in ending price cutting at the pumps as part of a drive to stem mounting losses.

Yet the group also said last week that it needed to raise the price of all its oil products, including petrol, heating oil and fuel oil, by about 1.5p a gallon in order to restore profit margins to adequate levels.

Yesterday BP Oil again cited the continuing fall in demand for oil products—caused by the recession and the world glut of oil—as one of the "dominating influences contributing to the unsatisfactory results." Other factors included:

● The fall in the value of the pound against the dollar, accelerated rapidly towards the end of the six month period.

● The uncompetitive cost of BP Oil's crude. Unlike groups such as Esso and Mobil, the company had no access to Saudi Arabia's comparatively cheap crude. The cut in the marker price of North Sea crude from $39.25 to $35 a barrel had come "only right at the end of the period."

The fall in demand for oil products is reflected in BP's sales figures. During the first six months of this year, the company's total turnover was £1.758bn—slightly down on the £1.795bn for the first half of 1980.

British Petroleum's shares closed at 306p—up 2p on the day.

Call for 100% gas price rise, Back Page

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Apel announces 'rigorous' defence cuts

BY ROGER BOYES IN BONN

● Herr Apel, West German Defence Minister

WEST GERMANYS armed forces are being pressed to make significant cuts as a result of Bonn's drive to reduce Government spending in 1982. The measures, which hit mainly at military training, are sure to fuel U.S. discontent with the level of Bonn's defence contribution.

Herr Hans Apel, the West German Defence Minister, said yesterday that the major procurement programmes would stay intact during the coming year. But to confine the rise in military spending to 4.2 per cent, a series of "rigorous savings" would have to be introduced.

Personnel costs will be reduced by phasing out some 8,000 soldiers on two-year service contracts, but cutting pension payments and savings incentives. The latter two measures will trim about DM 500m (£111m) from the planned 1982 budget, some of which will be siphoned off to pay for military construction work.

More significant for West Germany's overall defence capability will be the reduction in flying hours and manoeuvres (a result of keeping the rise in fuel expenditure to a minimum) and the chopping of 1,000 exercise areas.

The defence research budget is due to rise by 7.2 per cent next year, but additional value-added tax costs on some research contract work will impose "serious problems" for the defence effort. The Ministry is seriously concerned that the West German-French tank planned for the 1990s might become a victim of the tighter budget. Herr Apel made clear, however, that he would fight for the project which was once viewed as an important symbolic link between Paris and Bonn.

The weapons procurement allocation is due to rise by 7.9 per cent, but this conceals a disproportionately large slice for the Tornado multi-role combat aircraft. To minimise the effect on next year's budgeting, Herr Apel intends to discuss a staggering of Tornado production wtih Britain and Italy. The Tornado burden means that other planned purchases have had to be dropped or postponed. Thus the procurement of a new generation of 5-ton trucks is no longer planned for 1982-

Herr Apel, who released the figures yesterday, is having to juggle several political and financial priorities. He has to reassure the U.S. that West Germany is not backsliding in its overall contribution to the alliance. By demonstrating the magnitude of the cuts, he also has to show Herr Hans Matthoefer, the Finance Minister, that further reductions are unthinkable or at best counter-productive.

Finally Herr Apel has to convince the Social Democratic Party that the Defence Ministry is not immune at a time of across-the-board social welfare cuts.

The result is that Herr Apel has to give a simultaneous performance of strength and weakness and the strain is showing.

France launches investment drive

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government has embarked on a campaign to soothe employers' fears over a Socialist administration and to try to urge industry to boost investment.

M Pierre Mauroy, the Prime Minister, who is to make a major speech to the National Assembly on September 15 on the Government's programme for tackling unemployment, said at the weekend that he would be putting forward a series of measures—mostly financial—to give industry the means to play its part in the battle against unemployment.

With the jobless total up by 3.5 per cent in August to 1.74m or 25 per cent higher than a year ago, according to provisional figures, the Government is looking for more industrial investment.

The Prime Minister, who was in Lille at the weekend, sought to reassure employers on two points. There was no question, he said, of interfering with the decision-making power of the heads of companies or imposing on them a veto over the dismissal of labour. Trades unions have been claiming consultative powers over both management and dismissals that have frightened employers.

He also said that it was necessary to halt the rise in social security costs payable by industry. *Since the Socialists* came to power, increases in the minimum wage and social allowances have added to company's cash flow problems.

Industrialists fear that their sector's share of unemployment and social security benefits will be raised soon to help cover the large deficit in the State unemployment and social security funds. M Mauroy did not specify how this would be financed.

Additional financial burdens on industry have been the high interest rates stemming from the Government's defence of the franc. Base bank lending rates came down yesterday, however, to 14.5 per cent from 15.3 per cent last week as a result of the Government's recent pressure on banks and the commitment to a reduction in the working week and longer holidays.

Industry has continued to express its doubts about the Government's programme. M Francoise Ceyrac, head of the employers' federation, queried last week some of the contradictions in the Government's policy. How was it possible, he asked, both to woo industry and to saddle it with new taxes, higher social security charges, restrictions on employers' powers and a new range of nationalisation

At the same time, M Emile Veron, president of Majorette, the successful toy manufacturer, and a founder member of a new employers' group, has called the Government's bank nationalisation policy "costly and dangerous."

EEC Commission improves its status

BY JOHN WYLES IN BRUSSELS

THE European Commission has registered a breakthrough in its struggle to be taken more seriously by EEC member states, by winning formal acceptance of its right to take part in the *Community's foreign policy* consultations.

A change of heart by France has led to this development, which will be credited largely to M Claude Cheysson, the new Socialist External Affairs Minister. *Until June he was a* member of the Commission in Brussels.

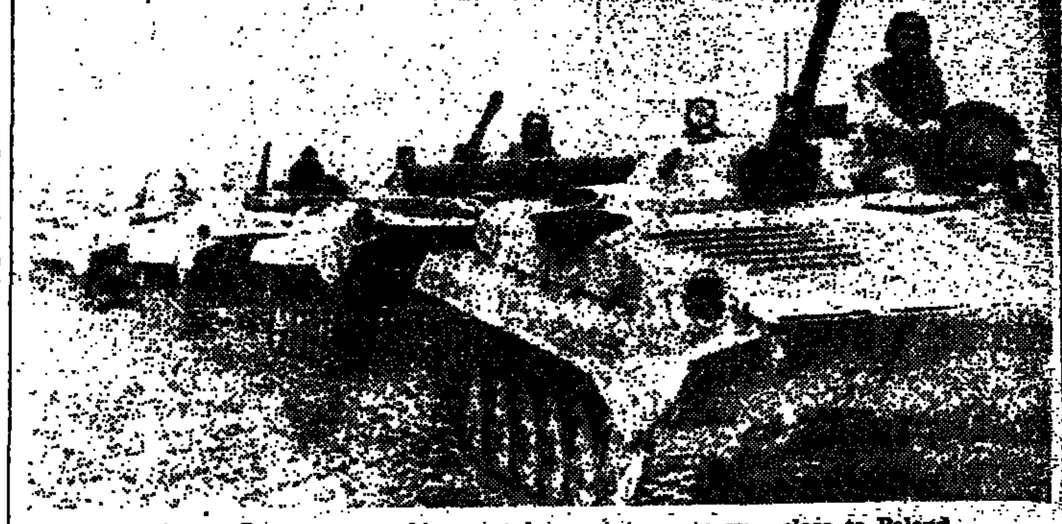
The Ten's foreign ministers *agreed in principle* during their informal meeting in the UK last weekend, that the Commission *should be involved in political* co-operation on the same basis as member states.

A formal decision should be taken next month, together with the adoption of plans for a small secretariat to help member states' foreign policy work during their six-month occupation of the EEC Council of *Ministers' Presidency.*

Until recently, France was always the least happy about allowing the Commission into political co-operation.

With its new status, however, the Commission will have gained an important freedom from the shackles of the Treaty of Rome, whose principal concern is economic through the creation and operation of the Common Market.

It may be able to initiate foreign policy discussions and to amass experts who might lay claim to becoming the Community's parmanent foreign policy secretariat.



Warsaw Pact armour taking part in current manoeuvres close to Poland

Good crops ease Polish burden

By Christopher Bobinski in Gdansk

GOOD CROPS of grain, sugar beet and potatoes from this year's harvest will save Poland several million dollars in valuable foreign exchange.

Grain imports in the next 12 months are expected to total about 7m tonnes, compared with an average during recent years of 9.5m tonnes.

The crop this year is estimated to be 20.4m tonnes—about 2m tonnes higher than last year.

The sugar beet crop is also vastly improved on last year and will probably produce about 1.6m tonnes of sugar compared with the 1.1m tonnes extracted last year.

Potatoes will be plentiful. Officials say output this year will be about 42m tonnes compared with 26m tonnes lifted during last year's poor season.

John Wyles adds from Brussels: The European Community appears to be ready to provide a third batch of cut-price food for Poland, provided the 10 members can establish financing arrangements.

The European Commission has started work on preparing formal proposals following a discussion at last weekend's informal meeting of EEC Foreign Ministers in Britain. M Gaston Thorn told Ministers then that the Community was likely to be able to provide food in quantities specified by Warsaw and that the EEC budget could also bear the cost of delivering it at a 15 per cent discount on world prices.

Because deliveries on two previous aid programmes over the past six months have been delayed—partly because some member governments were slow to line up the necessary bilateral credits—M Thorn is calling for parallel decisions on food and credits this time.

According to the Commission the Poles are seeking 1m tonnes of cereals, between 50,000 and 100,000 tonnes of beef and an unspecified quantity of butter for delivery by the end of next March.

Poland has so far bought or contracted to buy around £260m worth of food from the EEC at a subsidy cost to the EEC budget of £40m.

Moscow's secrecy denounced by Nato

BRUSSELS — The North Atlantic Treaty Organisation (Nato) yesterday acused the Soviet Union of violating the spirit of East-West peace agreements by not disclosing the scale of its current manoeuvres in the Baltic and close to the Polish frontier.

The charge came as some 60 warships involved in the 100,000-man exercises prepared for a mock sea battle off the *Lithuanian* coast and the Soviet Press reported plans for "a massive land battle."

Nato said permanent representatives of the 15-member organisation had decided that the failure of the Soviet Union to provide officially the number *of participating forces* raised serious concern.

Nato said the Soviet Union had notified western countries of the manouvres in advance, on August 14, but had not said how many troops were involved.

Thirty five countries, including the Soviet Union, signed an agreement in Helsinki in 1975 to give formal notification of any manoeuvres involving more than 25,000 men. Since then, the Soviet Union has usually supplied the exact number of troops taking part.

"The publication by the Tass agency of a figure of 100,000 participating is not to be considered formal notification," a Nato spokesman said. "In fact, the magnitude and general location as *specified* by Tass give rise to legitimate questions."

The Nato official said the organisation was concerned that no western *observers* had been invited to the manoeuvres

Nato added that notification had been given to the Soviet Union about all allied exercises this autumn, *including those involving fewer* than 25,000 troops. In addition, Soviet observers had been invited to three allied exercises.

The *troop* notification agreements in the Helsinki pact were part of an effort to allay fears that large-scale manoeuvres were actually preparations for war. A review of the agreement is under discussion in Madrid.

Agencies

Walesa calls for better Solidarity leadership

BY CHRISTOPHER BOBINSKI IN GDANSK

SOLIDARITY, Poland's powerful but disorganised trade union, should establish a strong central organisation, Mr Lech Walesa urged in Gdansk yesterday.

"We are heading for a tough battle, and we need generals," he told the one-year-old union's first annual congress.

He proposed a permanent corps of leaders, based in Gdansk and fortified by a national executive, made up of leaders from the biggest regional branches.

As Mr Walesa, leader by popular acclaim, tried to impress on the congress the need to organise, other delegates seemed set on heightening conflict with the Communist authorities.

There was a strong call, for example, for the union to remove from its statutes a clause which acknowledges the leading role of the Communist Party in the Polish state.

A draft resolution was submitted calling on the union to "boycott" the national Pallament. The move was prompted by the Government's plan to push through new laws which, in effect, deny Solidarity's insistence on the workers' right to control the management of their factories.

Officials explained that the boycott would amount to the union's 10m members demanding new parliamentary elections.

The congress was also asked to approve a plan for a national referendum on workers' management rights.

West Germans report 3% rise in orders

By Stewart Fleming in Frankfurt

NEW ORDERS for West Germany's manufacturing industries picked up again in July following a two-month slowdown, with foreign orders once again the main driving force behind the revival.

The Federal Statistical Office reported yesterday that, in comparison with June, seasonally adjusted new orders in July were 3 per cent higher, in volume terms, largely as a result of a 9.5 per cent rise in foreign orders.

In comparison with a year ago, new orders in the June-July two-month period are only one half a percentage point higher in volume terms (and up 5 per cent in value). The overall rise, however, is made up of a 5¼ per cent decline in orders by volume domestically, which is offset by a 13 per cent rise in the volume of overseas orders.

The upturn in foreign orders will help to reinforce the view *that strong foreign demand* will continue to play a positive role in the improvement of the West German trade balance.

Yugoslavia punishes Albanian nationalists

BY PAUL LENDVAI

At the end of one of Yugoslavia's biggest political trials since the war last Saturday, 21 young people of Albanian origin were sent to prison for terms ranging from six to 15 years. Almost every day in the troubled autonomous province of Kosovo, terse communiques announce harsh sentences on students, schoolboys, teachers and workers of Albanian stock *for their part* in the violent demonstrations which shook the region last spring.

The demonstrators demanded republican status for the province, in which four out of five of the 1.6m inhabitants are ethnic Albanians.

After the demonstrations in 16 towns in Kosovo, army units were sent in and 2,000 young Albanians were arrested. Some 500 were sentenced at summary proceedings for minor offences. The trials on more serious charges against the alleged ringleaders began in earnest only last month.

So far, 189 young Albanians, mainly in their early twenties, have been sentenced to an average of seven years and many to between 12 and 15 years. They were accused of trying to overthrow the constitutional order, inciting hatred against Serbs and other Slavs and advocating the union of the Albanians in Yugoslavia with neighbouring Albania.

As an example of the toughness of the Yugoslav courts, three youths were sentenced on Monday to terms ranging from two to six years for having daubed slogans

Meanwhile in Kosovo alone, 210 professors and teachers have been fired from their jobs, 534 members expelled from the Communist Party, 260 students barred from high schools and universities, with 1,240 students deprived of their scholarships.

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Poland meets its western creditor governments this week against a background of renewed political turbulence, **Our Foreign Staff** explains

Warsaw's lack of economic strategy worries the West

FRESH INTERNATIONAL attempts to grapple with the problems of the Polish economy will be made this week when the Polish Government again meets its main western creditor.

The immediate problems are the rescheduling of Polish official debt falling due in 1982 and the Polish demand for new credits to buy the foodstuffs and raw materials needed to keep the economy running.

The meeting takes place against a background of renewed political turbulence as Solidarity, the free trade union, holds its congress and international tension as the Soviet Navy manoeuvres in the Baltic.

The talks, on the official debt will be held in Paris and run in parallel with negotiations between western banks and Poland. The country's official debt to the West is about $10.5bn (£5.7bn) and the meeting will be concerned how to reschedule interest and principal which falls due in 1982.

The western creditors include European nations, Japan and North America. In Paris the first steps will be taken to build a rescheduling package for the 1981 portion of official debt worked out last April by a pilot group including France, Germany, Austria and the UK. International Monetary Fund observers will be present. A further meeting of 15 nations will take place in October.

M Pierre Mauroy: will attach no conditions

The April meeting agreed to reschedule $2.5bn (£1.35bn) of Polish debt repayments due this year. Since then, the EEC has agreed a $587m (£318m) food aid programme, under which Poland would buy surplus stocks at 15 per cent below world prices, with financing supplied by officially backed export credits from EEC members.

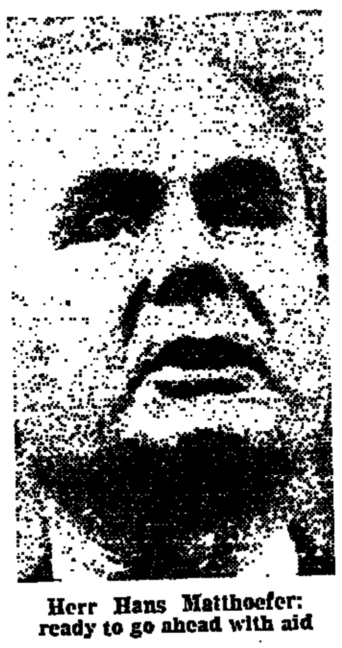
West Germany, France, Italy, Switzerland and the UK have in the meantime been discussing a $500m bridging loan for Poland. This falls short of Poland's demands for more than $2bn of fresh credits to finance its 1981 balance of payments deficit.

General sympathy in the West for Poland's problems and its attempt to find a new political modus vivendi are tempered by increasing worry about the absence of a detailed Polish strategy for economic recovery.

Europe has approached these problems with a series of loosely co-ordinated bilateral moves. France has emerged as the main driving force for aid to Poland since the election of President Mitterrand. But, as the following breakdown makes clear, not all creditors share the French view.

● Austria: No initiative is expected with regard to new credits. Indeed the Government has been criticised for opening too many credit lines to Poland.

Austria is one of Poland's largest creditors on a per capita basis, with outstanding officially backed or guaranteed credits of Sch24bn (£750m). About Sch1bn of interest is due this year.



Herr Hans Matthoefer: ready to go ahead with aid

● Belgium: Finance Ministry officials are increasingly concerned about Poland's failure to match its growing debt to a clear-cut economic recovery plan. Meanwhile, the Government commitment is increasing and by 1984-85 official loans are expected to stand at more than BFr 9bn (£122.5m).

● Finland: A running trade deficit with Poland has made the Government reluctant to offer the country soft finance, but since $14m of credits were rescheduled at the April meeting, parliament has approved a new credit line of $7m. About a half of this has been taken up.

● France: M Pierre Mauroy, the Prime Minister, has told Mr Joseph Czyrek, the Polish Foreign Minister, that France would attach no conditions to aid and press its European partners to provide a $500m bridging loan.

The Cabinet approved an emergency food aid programme last month, promising 300,000 tonnes of cereals, in addition to meat, sugar, fruit and medicine, with full credit cover arranged with banks, amounting to $420m (£227m).

● West Germany: The Government is running into serious problems in committing itself to new help for Poland. The Foreign Ministry would like the Government to provide $100m of the $500m international bridging loan, but it is hard to see where the funds will come from, against the background of tough internal 1982 budget discussion.

Normally the loan would come from the Bundesbank, but the Government would be responsible for backing it. Herr Hans Matthoefer, the Finance Minister, is prepared to go ahead, but only if the same sum can be saved elsewhere.

So far this year DM600m (£134m) has already been lost to the federal budget in claims arising from Polish debt rescheduling. New export credit guarantees amounting to DM700m have been provided since January and there has also been relaxation of export credit guarantee conditions.

Bonn fears that next year it may face claims in respect of Poland amounting to DM1bn.

● Italy: The Government responded to the April meeting by rescheduling $177m of official Polish debt. Payments falling due from Poland up to 1983 have been put at $365m and the balance will be considered for rescheduling as it becomes due.

Last month it was decided to provide Poland with L60bn (£27m) in new trade credits and to give immediately $7m in bilateral aid. The Government has agreed to participate in the international bridging facility.

● Netherlands: The Government has extended a Fl 100m (£20m) credit line to Poland to cover Dutch exports of manufactures, raw materials and foodstuffs. Total Dutch official exposure to Polish debt is running at around Fl 500m.

Mr Joseph Czyrek: told of £270m loan

● Sweden: The Trade Ministry calculates that up to SKr 450m (£47m) in credits to Poland will fall due for payment next year and about SKr 230m in 1983. The Government will go along with any decisions taken in Paris, believing that its interests are best served by general agreement among the creditors.

In July, the Government agreed to reschedule SKr 540m in loans, of which about SKr 450m had been guaranteed by the Export Credit Council. The consolidated part of the debt—90 per cent—is now due for repayment in 1986-89. Poland agreed to pay the remaining 10 per cent on the due dates.

● Switzerland: The Government is prepared to take part in short-term international efforts to help Poland's balance of payments "under certain circumstances." The points at issue are believed to be of a legal nature and apparently have not yet been met.

● Britain: The rescheduling agreed at the April meeting had been completed by the beginning of July, covering about £75m of official British credit. Since then, the Government has instructed the Export Credits Guarantee Department to maintain credit facilities and back fresh lines of £45m for the rest of this year.

The first package of loans under this instruction went through last month.

Turkey seeks mining investment

BY METIN MUNIR IN ANKARA

ETIBANK, the state-owned Turkish bank and mining company, has announced that it wants to engage in joint ventures with foreign and Turkish private companies to extract and refine minerals in Turkey.

This would be a radical departure for Turkey where the mining sector has traditionally been closed to foreign investors. The move has been made possible by the Government's open-door policy for foreign capital which started in January last year.

Dr Erdemir Karakas, executive president of Etibank, has said that the company sent invitations to about 100 foreign companies and 22 Turkish companies. The invitations covered eight projects with total investment of about £545m.

The largest is a project calling for investment of 93bn Turkish lira (£414m) in an aluminium mine which would produce 250,000 tons of alumina and 120,000 tons of aluminium a year. Two copper projects would involve investment of about TL 20bn. Other smaller projects concern marble, perlite, volcanic tufas and pumice.

Mr Karakas said that the response from foreign companies in the U.S., Britain, Belgium, France and Germany was "generally positive." Invitations had not been sent to Eastern Bloc countries but some offers, including one from Romania, had been received.

The dealine for applications is November 15 and the results will be announced a month or two later.

Etibank's letter to the foreign companies contains a list of conditions. It explains that the foreign capital participation ratio cannot be less than 10 per cent or more than 49 per cent. The minimum level of foreign capital participation will be $1m (£545,256).

Foreign companies which intend to participate in the corporations to be set up should be able to provide loans for the external financing of projects. The foreign concerns will be able to repatriate their share of the yearly profit at current world market prices of the poducts and semi-products.

The corporations will be responsible for the domestic and international marketing of the products as well as mining and refining. Mr Karakas said Etibank would be willing to hold minority equity.

Turkey's military Government is working on a new mining Bill. This will specify minerals which are to be nationalised. It will also guarantee profit repatriation rights and freedom from nationalisation where appropriate.

Kuwaiti ruler to visit Ankara

BY OUR ANKARA CORRESPONDENT

Sheikh Jaber al-Ahmad al-Sabah, the Emir of Kuwait, is due in Ankara today for a visit which, Turkish officials hope, will prove a landmark in their country's improving relations with the Gulf States.

The Emir's visit is the first to Turkey by a Gulf Head of State. He will be accompanied by Sheikh Sabah al-Ahmad, Deputy Prime Minister and Foreign Minister, Abdullatif al-Hamad, Minister of Finance and Planning, and Jassim al-Marzoug, Minister of Trade and Industry. After a two-day stay in Ankara the Emir and his entourage will visit Bulgaria, Romania, Hungary and Yugoslavia.

The Turkish Foreign Ministry says the visit will give the Emir the opportunity of meeting Turkey's new military rulers and will enable him to assess investment opportunities. Under Turkey's new investment regulations Kuwait is one of a number of Arab States which can invest without any restriction on equity or capital.

Later this month eight bankers and four representatives of investment houses in Kuwait are due to visit Turkey for three days at the invitation of the Turkish central bank. Apart from Ankara the Kuwaitis will visit Istanbul and Izmir.

The central bank is hoping that the visit will show the bankers opportunities for investment and banking in Turkey. It is believed that trade financing and mid-term financing possibilities may also be taken up.

The trade volume between Turkey and Kuwait was $110m (£60m) last year and is expected to be $160m this year. Turkey is buying liquid petroleum gas from Kuwait and selling mainly clothing and foodstuffs.

Kuwait has a minority interest in a fertiliser plant in Turkey and in the Istanbul-based Turkish Arab Bank.

Turkey, which is dependent on Iraq, Iran and Libya for its oil is expected to negotiate a contract with Kuwait during the Emir's visit.

During the past decade Turkey has followed a policy of making friends in the Arab world without becoming directly involved in inter-Arab disputes or wider conflicts like the Iran-Iraq war.

Turkish contractors have $7bn worth of business in the Arab world, mainly in Libya, Saudi Arabia and Iraq. Turkish exports to the Middle East have gone up to $500m in the first five months of this year compared to $150m last year.

Cyprus urged to curb Government spending

BY OUR NICOSIA CORRESPONDENT

THE Central Bank of Cyprus has called on the Government to curb public spending and to take measures to "divert a proportion of increased incomes to savings." The bank's latest report says a cut in Government expenditure is essential if the unsatisfactory performance in the first quarter of the year is to be reversed.

During the first three months, the bank says, the overall balance of payments deficit exceeded C£20m (£24m) and there was a continuing large deficit in public sector operations.

But Government figures issued yesterday for the first five months of the year showed a healthy 30.5 per cent increase in exports and a rise in imports of only 7.5 per cent. The Government said the deficit in trade transactions during the period was confined to C£93m (£111m) as against C£97m (£116m) in the comparable period of last year.

Exports of both agricultural and manufactured products increased substantially. The principal agricultural exports were potatoes and citrus fruit. Exports of clothing, footwear, and paper products showed marked increases.

The Government said tourist arrivals this year should reach 400,000 and receipts from tourism were expected to bring in a record C£95m, a 30 per cent increase over 1980. Most of the visitors come from Britain, Sweden, Lebanon or West Germany.

There was an increase in unemployment however.

The central bank report says future prospects for the economy are good.

Investment 'slows in Australia'

By Patricia Newby in Canberra

PROJECTED INVESTMENT in Australian mining and manufacturing projects has slowed significantly in the past six months. This is partly because of the state of the world economy and partly because of the Government's strategy of encouraging more orderly development of Australia's resources.

After heady predictions last year, investors seem to have become more cautious, and the latest survey by the Department of Industry and Commerce shows that "committed" investment in mining, manufacturing and infrastructure rose by 6.4 per cent in the six months to June to a total of A$35.2bn (£22bn).

Discounted for inflation, the rise in real terms is about 1.8 per cent compared to a rise in real terms of 11.5 per cent in the six months to December 1980.

The department's survey also estimated that 313 projects valued at A$80bn were at a preliminary stage of investigation, but the schedule is not intended as a preicse forecast of capital expenditure.

Further evidence of growing wages pressure in Australia was revealed in Bureau of Statistics figures issued yesterday which showed the biggest jump in average weekly earnings for five years.

In the year to June, average weekly earnings for male employees increased by 14.1 per cent — the highest annual increase since the rise of 15.8 per cent in September 1976.

Male average weekly earnings are now A$295 (£184).

The Australian Council of Trade Unions is meeting in Sydney this week to hammer out a new policy on wages following the demise of the national pay policy in July.

Kampuchea agreement in trouble

BY KATHRYN DAVIES IN SINGAPORE

THE FOUR-DAY agreement between three Kampuchean groups opposed to the presence of 20,000 Vietnamese troops in their country has already run into trouble.

Mr Son Sann, leader of the anti-Communist People's National Liberation Front (KPNLF) said in Singapore he was "surprised" by the refusal of Mr Khieu Sampan, the Khmer Rouge leader, to nominate a representative for the joint committee set up as a first step towards forming an anti-Vietnamese coalition. Khieu Sampan left Singapore after signing the agreement last Friday without holding talks either with Son Sann or the other signatory, Prince Norodom Sihanouk, former head of state.

The Prince appeared to renege on an important part of the agreement when he criticised the Khmer Rouge, still recognised by most Western countries as Democratic Kampuchea. Prince Sihanouk said that to co-operate with the Khmer Rouge would be to co-operate with "killers" and "monsters."

Asked why he signed an agreement which commits him to forming a coalition government with the Khmer Rouge, he said his supporters were more likely to get arms from China if he co-operated with Peking's proteges.

These public disagreements coming so soon after the joint statement must be a considerable embarrassment to Singapore and Thailand, the two members of the Association of South-east Asian Nations (Asean) most concerned with pursuing an anti-Vietnamese Kampuchean front.

Singapore hopes that teething troubles, inevitable when such opposing personalities are involved, can be overcome. At the least it believes a coalition will be under way by the time the United Nations votes on Kampuchea's credentials in New York this month.

All three Kampuchean leaders support the seating of the Khmer Rouge at the UN as an important part of their strategy to further isolate the pro-Vietnamese Heng Samrin Government in Phnom Penh. Most Western governments and many Third World countries have supported Democratic Kampuchea at the UN.

Sihanouk . . . "killers and monsters"

More than 1m hit by fresh floods in China

BY TONY WALKER IN PEKING

MORE THAN 1m people have been affected by severe flooding in Shaanxi Province, south-west of Peking, and at least 764 people are reported killed as this year's run of natural disasters continues in China.

Torrential rain started falling in the province, and its ancient capital of Xian, three weeks ago, swelling rivers to their "higest levels in recorded history," the People's Daily, the Communist Party newspaper, reported on its front page yesterday.

A series of natural disasters has swept across China this year. A crippling drought in Hebei Province immediately south of Peking was followed by some of the worst floods on record in the populous Sichuan Province in the south-west of the country.

Initial reports of the Sichuan floods which occurred about a month ago, but the death toll at about 3,000, but it was later estimated that less than 1,000 were killed. According to the People's Daily, rain is still falling in Shaanxi.

It is estimated that 200,000 people have been made homeless in Shaanxi, one of China's poorer provinces. Waters in some flooded areas are 32 ft deep. Some 33 counties, with a population of 1.26m people, were flooded, the People's Daily said.

China is restoring, by a process of stealth, military ranks abolished at the behest of the late Chairman Mao Tse-tung, as the Cultural Revolution of the 1960s got under way, our Peking Correspondent reports. Chinese defence officials are making it clear that it is only a matter of time before the ranks are formally restored.

France delays aid payment to Vanuatu

BY KEVIN RAFFERTY IN PORT VILA

FRANCE is still delaying payment of aid promised six months ago to Vanuatu, the Pacific Ocean islands formerly known as the New Hebrides and ruled by France and Britain until last year.

Officials hope appeals to the Mitterrand Government, including some by neighbouring countries, may help to release the money quickly. This could improve France's tarnished reputation in the Pacific.

The sums are small, Vatu 470m (£2.7m) due in two tranches, one in March and the other this month, but they are crucial to the new country.

At independence Britain negotiated a £23m aid package over several years, plus Vatu 475m in budgetary support for the first year. The budgetary aid was swiftly paid into a Vanuatu account for the Government to draw as it needed.

The quarrel continued between Vanuatu and Giscard D' Estaing's France which had never been keen on New Hebrides' independence because it would encourage a similar deal for nickel-rich New Caledonia and the Polynesian territories where France conducts its atomic tests. The French aid agreement was not signed until March.

Officials say they were told the money was held up because of what Paris termed interference in France's internal affairs, a reference to Vanuatu's expulsion of French nationals implicated in the rebellion fomented by French settlers.

India 'to strengthen air force'

INDIA IS examining various proposals for combat aircraft capable of matching the fighting capabilities of the F-16, Air Marshal Dilbagh Singh, chief of the Indian Air Staff, said on assuming office, our New Delhi Correspondent reports.

The impending acquisition by Pakistan of F-16s has "made it imperative for India to look for means to deal with this threat," he added.

The air chief believes that if Pakistan acquired F-16s by the end of this year or early next year, India would have to find the necessary means to accelerate the strengthening of its air force in critical areas.

A high-level West German naval team has arrived in New Delhi to finalise negotiations with the Government for the supply of submarines for the Indian Navy.

The West German team, representing the Howaldt Deutsche Werke (HDW) Shipyard, has brought with it the final report regarding the delivery schedule of the submarines, spare parts supply, transfer of technology and a project for the manufacture of submarines in India.

The HDW shipyard had been selected by India for the supply of two West German submarines as an outright purchase, and for two submarines to be designed and manufactured in an Indian shipyard.

Fresh oil find

A new commercial oilfield has been discovered in India's Western continental shelf adjacent to the oil-rich Bombay High Offshore Field, Mr P. C. Sethi, Petroleum Minister, announced to Parliament yesterday, our New Delhi correspondent reports.

Afghan talks plan

Afghanistan told India yesterday that it is "flexible" on procedural matters for finding a political solution to the Afghan issue, an Indian Government official said yesterday, Reuter reports from New Delhi.

Shah Mohammad Dost, the Afghan Foreign Minister, who arrived in New Delhi early yesterday, had met Mrs Indira Gandhi, the Indian Prime Minister for 30 minutes and handed her a message from President Babrak Karmal of Afghanistan, the official added.

Mullahs assassinated

Fifty leftist opponents of the Iranian Government were executed over the weekend as anti-Government assassins gunned down three mullahs and a local official in the unabating confrontation with Iran's fundamentalist régime, the state-run radio reported yesterday, AP reports.

Tehran newspapers highlighted a tribute by Ayatollah Ruhollah Khomeini, Iran's revolutionary leader, to last week's two victims of firebomb assassinations, proclaiming the revolutionary prosecutor, Hojatoleslam Ali Qodussi and Police Chief Col Hooshang Dastgerdi martyrs in the service of Islam.

Moscow aid

President Leonid Brezhnev pledged more economic aid for Hanoi during talks with the Vietnamese Communist leader Le Duan yesterday, and an official report on the meeting hinted that military support might also be increased, Reuter reports from Moscow.

Tass, the Soviet news agency, said Moscow had agreed to 40 joint development projects in Vietnam over the next five years.

"Senegambia" plan

President Abdou Diouf of Senegal said yesterday that his country will be united with Gambia by January 1, 1982, AP reports from Senegal. "Senegambia" would be a long-term economic gain for both countries, he predicted.

New Zealand deficit

New Zealand had a balance of payments deficit of NZ$718m (£326m) in the year ended July 31, compared with a deficit of NZ$502m in the year ended July 31 1980, the Reserve Bank of New Zealand reported yesterday, AP reports from Wellington.

Egypt takes over 40,000 private mosques

CAIRO — The Egyptian Government said yesterday it was taking over 40,000 privately-owned mosques and tightening supervision of Moslem preachers as part of its clampdown on domestic opposition.

Following last week's wave of arrests of Moslem hardliners, the Ministry of Religious Endowments said that as a first step it had taken control of 65 mosques formerly run by Islamic fundamentalist societies.

The statement from Mr Zakareya el-Berri, the Minister, issued by the official Middle East News Agency, said the objective was to make sure mosques were used solely for religious purposes.

Earlier the Ministry said only approved preachers would be allowed to deliver Friday prayers.

There would be "more coordination on all matters dealing with sermons, with no politics at all."

President Anwar Sadat, vowing to show no mercy to critics who have exploited religion, has detained 1,536 people since Wednesday in the biggest crackdown of his 11-year rule.

Only preachers authorised by the Ministry or Cairo's Al-Ahzar Islamic University would be allowed to speak after Friday prayers. Guidelines were being drawn up to assure politics did not creep into sermons.

The Ministry owns less than half Egypt's Sunni Moslem mosques.

To overcome a shortage of authorised preachers, teachers from Islamic institutions are being assigned to read sermons at private mosques, an official said.

Egypt's Coptic Patriarch, Pope Shenouda, stripped of his powers in the crackdown, was exiled to a desert monastery at Wadi Natroun, half-way between Cairo and Alexandria.

The ruling National Democratic Party's newspaper said he had been effectively banished.

● There was evidence yesterday of Israeli fears that President Sadat's domestic problems might upset movement towards a peace settlement under the Camp David accords.

Gen. Raphael Eytan, Israeli chief of staff, was quoted in the Maariv newspaper as saying: "Indeed there is peace with Egypt, but it is dangerous. Sadat could go and the whole thing would be finished."

Agencies

Petrobel asked to reduce oil production by 40%

BY ALAN MACKIE AND ANTHONY McDERMOTT IN CAIRO

THE Egyptian Government has asked Petrobel, the second largest oil producing company, to cut production by 40 per cent to 70,000 barrels a day (b/d).

The Egyptian General Petroleum Corporation (EGPC) stressed that the cut was only temporary while stocks were moved. The main producer, the Gulf of Suez Petroleum Company (Gupco), has not been asked to cut back, and is producing at a record 500,000 b/d.

In spite of the world glut, Egypt has been pushing oil production to record levels. On Tuesday it reached, according to EGPC, 675,000 b/d. Petrobel's cut marks the first time EGPC has acknowledged that its high production has created storage problems. It hopes to restore production within two weeks.

Earlier in the year, the oil companies asked for cuts because of their difficulties in selling the 250,000 b/d due to them in payment for their operations.

In April, production was 600,000 b/d, and reached 625,000 b/d in May, then was reduced in July to 611,000 b/d.

At the same time, Egypt has had to reduce its prices drastically. At the beginning of the year it was asking $40.5 a barrel for its prime Gulf of Suez blend. Since the beginning of July it has been charging $33 a barrel.

The fall in world prices has hit Egypt's balance of payments projections. In 1980-81, oil earnings totalled [illegible] (£1.7bn), a sharp increase on the previous year. EGPC estimates that 1981-82 earnings are likely to rise by only $400m.

Egypt's balance of payments gap has been created mainly by import costs rising at 20 per cent a year. Reserves peaked at just over $1bn at the turn of the year and have been falling since.

Next year's presidential election in Mexico will be a foregone conclusion, writes William Chislett

A benevolent dictator casts around for his successor

[SR] JOSE LOPEZ PORTILLO, [th]e president of Mexico, is cast[in]g around for his heir. He will [na]me him by the end of the [ye]ar and the new President will [ta]ke office in December 1982 [af]ter elections next July.

The presidential succession is [no]w being obsessively discussed [in] Mexico. The political system [th]ere does not allow a President [to] stand for office more than [on]ce. The issue of who will be [th]e next President overshadows [al]l others on the country's [ho]rizon, because the destiny of [M]exico—the world's fourth [la]rgest oil producer with a [p]opulation of 70m—depends to [a] very large extent on one man.

A Mexican President rules [li]ke a benevolent dictator [d]uring his six-year term of [o]ffice. He controls the legisla[t]ure, the judiciary, the bureau[c]racy and is commander in chief [o]f the armed forces. But there [i]s one cardinal rule a President [m]ust respect. That is to name [a] successor, bow out gracefully [a]nd then keep his mouth shut.

By re-shuffling its administration every six years to encourage political mobility and prevent power from becoming personalised, Mexico has enjoyed half a century of stability since its bloody revolution in 1910 in which 1m people died and the 20 years of anarchy which followed.

Mexico's "one party democracy," controlled for 52 years by the paradoxically named Institutional Revolutionary Party (PRI), which is more a political bureaucracy than a party, is unique.

The PRI, however, faces its stiffest competition ever next year. Political reform introduced in 1979, allows the Left to contest elections for the first time. Sr Lopez Portillo was unopposed in the 1976 presidential elections.

Last month, after four years of protracted discussions, the five major parties of the splintered left, including the Communists, agreed to bury their differences and form a new party for the 1982 presidential and general elections. The right wing National Action Party will also field a presidential candidate.

In a country where it is estimated that the richest 20 per cent of households receive about 57 per cent of the national income and the poorest 20 per cent less than 3 per cent, the united Mexican Left has the potential to attract a lot of votes. The PRI has long spoken in the name of the poor, but answered the bidding of the rich.

Sr Jose Lopez Portillo: looking for an heir

However, nobody doubts that the PRI will sweep the board next year. The party has only lost a handful of elections at national and municipal level since it was formed.

The well-funded PRI embraces a wide political spectrum and rules by consent. The President acts as the broker between its three sectors covering the peasantry, the middle class and unionised workers and the party controls the country's enormous system of patronage.

The real presidential election is in fact taking place now as candidates for the PRI's nomination jockey for position. The July polls will merely ensure that the forms of democracy are respected.

But ask any Mexican how the presidential succession works and you will be met with a shrug of the shoulders, or a treatise on the theory of power in Mexico. The PRI declares no presidential candidates and anyone who campaigns for the job automatically fails to win it.

A strange ritual is being played out behind closed doors which baffles foreigners and Mexicans alike. The system of election is comparable to that used by the British Conservative Party before it changed to direct voting for a new leader: the leader "emerges."

Ultimately the decision rests with the President, who consults with the political elite, which has grown up over the years. Since the succession is shrouded in mystery, speculation flourishes.

Sr Jorge de la Vega Dominguez: tipped to become the next President

The main headache for the next President is perceived to be more political than economic.

The economy, which is expanding at nearly 7 per cent this year for the fourth consecutive year, is straining the established polical system.

Oil is raising expectations, particulary those of the burgeoning middle class, but not meeting them.

Convential wisdom has it that the next President will need to be both politically and economically skilled in order to manage the vast oil revenue and hold the political system together in the face of a more vociferous and better organised Left.

The man most widely believed to become the next President, Sr Jorge de la Vega Dominguez, the Commerce Minister, fits this bill. Aged 50, he has been Governor of a poor state, and so knows the inner workings of the political system.

Sr Pedro Ojeda Paullada, aged 47, the Labour Minister, is also tipped for the Presidency. He was Attorney General in the last Government.

Sr Miguel de la Madrid Huerta, aged 46, the Planning Minister, is also hotly tipped.

Sr Javier Garcia Paniagua, the head of the PRI, is another possible successor.

Sr Lopez Portillo is expected to announce his successor soon after the North-South summit meeting of 22 world leaders in Mexico next month. His power will then wane and all eyes will be on the new man.

Credit squeeze aims to cool economy

BY OUR MEXICO CITY CORRESPONDENT

THE Mexican Government has begun to restrict private sector credit in an attempt to cool down the country's overheated economy.

Commercial banks, on the insistence of the Banco de Mexico, the central bank, have bought up 10bn pesos (£215.6m) of Government Treasury bills known as cetes.

The measure, quietly introduced last month, has greatly tightened peso credit, which was scarce even before the move.

The Mexican economy, fuelled by mounting oil revenue and public spending, has been growing at a remarkable 8 per cent in real terms, measured by gross domestic product, for the past three years. But such growth has been accompanied by an increase in the rate of inflation, a worsening of the current account deficit and intensified strains on the economic structure

The inflation rate is expected to reach almost 30 per cent this year, and the current account deficit will be \$10bn-\$11bn (£5.3bn-£5.9bn) compared with last year's record \$6.6bn.

The latest Government estimates suggest that the economy will probably grow by 6.5 per cent to 7 per cent this year, as against the originally targeted 8 per cent. This is because of deliberate moves, such as the latest credit restrictions and the sudden drop in the price of Mexico's oil in June.

The cetes measure, which follows the 4 per cent — 192bn pesos—cut in public spending in July, is also designed to stem the growing trend to switch bank deposits into dolars and move capital out of the country. There is free convertibility of exchange in Mexico.

There are now fewer pesos available to convert into dollars.

After the \$4-a-barrel cut in oil prices in June, capital flight increased, although the actual amount is unknown.

● Mexico's trade deficit in the first half of this year was \$1.71bn, 30 per cent higher than the corresponding period of 1980, according to the central bank.

Exports rose 47.5 per cent to \$10.51bn and imports 44.8 per cent to \$12.2bn.

Unions' Labour Day attack on Reagan

BY IAN HARGREAVES IN NEW YORK

NEW YORK'S first full-scale Labour Day parade for 13 years became the focus yesterday for the increasingly bitter divisions between the Reagan Administration and leading trade union officials.

As as estimated 200,000 union members and supporters prepared to follow Mr Lane Kirkland, president of the AFL-CIO, up Fifth Avenue in celebration of the Federation's 100th anniversary, labour leaders strongly criticised President Reagan's handling of the five-week-old air traffic control strike.

Mr Kirkland asked the Administration: "Where is the harm? Where is the understanding of these people's problems that will make it possible to have a decent resolution of the strike?"

Shortly after the strike by the professional air traffic controllers' organisation began, Mr Reagan ordered the strikers to be sacked.

In his own Labour Day message, Mr Reagan failed to mention the strike, concentrating on his economic strategy which, he said, is designed to benefit all American workers.

"I see the creation of 3m more jobs by 1986 in addition to the 10m already expected," he declared.

Earlier, Mr Raymond Donovan, Mr Reagan's Labour Secretary, had said the most important message for the U.S. on Labour Day was "that this is a nation of law and that we cannot pick and choose the laws we will keep and those we will break."

The air controllers' strike is illegal because U.S. law forbids strike action by all Federal employees.

Mr Douglas Fraser, president of the United Auto Workers' Union, which recently re-affiliated to the AFL-CIO, described 1981 as "the worst year for labour in over five decades."

But despite union leaders' anger at what they see as the Administration's inflexibility, there is little sign of any clear or effective strategy by the union to challenge Mr Reagan.

Only last week, the Government produced figures showing that the percentages of U.S. workers belonging to trade unions had fallen from almost 25 per cent in 1970 to 20.9 per cent last year.

The labour movement is also still wrestling with the problem that many of its rank-and-file members voted for Mr. Reagan and are in sympathy with his tough foreign policy and his attack on Federal Government spending.

Argentina's GDP declines 2.6% in second quarter

BUENOS AIRES—Argentina's gross domestic product (GDP) fell by 2.6 per cent in the second quarter this year compared with the same period in 1980, bringing the first half decline to 1.6 per cent, the Economy Ministry said yesterday.

In the second quarter of 1980 GDP fell by 2 per cent and in the first half it rose by 0.2 per cent.

The largest fall this year was in manufacturing industry output, which fell 13.4 per cent in the second quarter and 9.7 per cent in the first half. Agricultural output, boosted by a record grain and oilseed harvest, increased by 12.8 per cent in the second quarter and 7.1 per cent in the first half.

The Ministry said the second quarter decline was due to a 4.2 per cent fall in consumer demand following devaluations of the peso against the U.S. dollar since April, high stock levels built up in the first quarter, high levels of debt and interest rates, and a holding back by producers in the hope of Government measures to stimulate output.

The peso retains about a quarter of the value it commanded against the dollar at the beginning of the year, when it stood at 2,000 to the dollar. In July it fell to about 8,000 pesos to the dollar, and has since recovered only slightly.

It expects output to improve in the second half. Stock levels have fallen while the present peso rate is encouraging exports of industrial goods.

Increases in the areas sown with wheat and linseed mean prospects for the fine grain harvest are good.

Reuter

'Proof that Moscow sent chemical arms to Asia'

NEW YORK — The U.S. Government has gathered proof that chemical poisons provided by the Soviet Union were used in military operations in Kampuchea, Time magazine has reported.

Military patrols from Thailand took samples of foliage, soil and water from Kampuchea and sent them to the U.S. for analysis, the magazine reported, scientists found that the samples contained the chemical agent trichothecene toxin, known as T-2.

Soviet scientists have published articles on how to produce vast quantities of T-2, which occurs naturally in grain moulds common in the Soviet Union.

U.S. intelligence officials have long suspected that the Soviet Union was providing chemical weapons for use in South-East Asia, in violation of an international agreement banning chemical warfare reached after World War I.

In 1979, army investigators said they believed two, and possibly three, chemicals were being used against Laotian tribesmen who were resisting Communist Pathet Lao and Vietnamese forces. One of these was a nerve agent, another caused massive bleeding and the third was thought to be a riot-control gas.

Last year, Mr. Harold Brown, former Defence Secretary, said there was a mounting evidence that the Soviet Union was using incapacitating gas in Afghanistan and that there were some reports that they may be using lethal gas.

Eyewitnesses in Kampuchea, Afghanistan and Laos have reported seeing chemical-laced yellow rain. After the rain, people suffered burning sensations, convulsions and massive internal bleeding. Many died painful deaths.

However, the U.S. never had evidence that proved the Soviet Union was the source of the poison.

Time said the State Department was reluctant to publicly accuse the Soviet Union of using chemical warfare, although some officials argue that doing so might prevent further use of the chemical agents.

AP

WORLD TRADE NEWS

Dutch go ahead with controversial Taiwan submarine contracts

BY OUR WORLD TRADE STAFF

RIJN - SCHELDE - VEROLME (RSV), the Dutch shipping group, yesterday announced that it had signed the contracts for the supply of two submarines to Taiwan.

It thus ended a further chapter in a bitter Netherlands controversy which earlier this year led the Government to approve export licences for the vessels in the teeth of a parliamentary majority against such a move.

The submarine issue caused the Netherelands and China to downgrade their diplomatic relations to the level of charge d'affaires.

Against this background, RSV refused to put a value on the contract, but in the parliamentary debates, a figure of Fl 600m (£120m) was mentioned.

RSV also announced that it had received a contract worth Fl 90m from Taiwan Power to convert two oil-fired boilers for coal use. But it refused to link the award of this contract with the submarines deal.

In April, Taiwanese groups placed $100m worth of civil contracts with Dutch groups in the wake of the Government's decision to issue an export licence for the submarines.

The Government has consistently taken the view that the RSV contracts would offer employment opportunities, and RSV said that 800 workers would be needed for between four and five years. Considerable extra employment would be provided by sub-contractors.

● The Taiwan Government is expected to select suppliers for $1bn worth of nuclear plant by the end of the year, Reuter reports from Taipei. Suppliers in competition are GE, Combustion Engineering and Westinghouse from the U.S., Framatome of France, KWU of Germany, Brown Boveri of Switzerland and NEI of the UK.

Outlook gloomy for Indonesian exports

BY RICHARD COWPER IN JAKARTA

INDONESIA'S oil and gas exports earned 13 per cent more foreign exchange in the first half of this year than in the same period of 1980, but this gain was cancelled out by a 33 per cent drop in the value of the country's non-oil exports.

According to preliminary figures issued by the Bank of Indonesia, total oil and non-oil exports combined fell by 1 per cent from $10.8bn (£5.6bn) in the first six months of 1980 to $10.7bn in the same period this year.

With the outlook for production and prices even bleaker for the second half, experts are predicting a decline of up to 10 per cent in the value of Indonesia's exports for the whole year.

In 1980 Indonesia's foreign exchange earnings from exports were $21.6bn.

Falling world commodity prices coupled with successful Government attempts to reduce Indonesia's export of logs and palm oil — traditionally the country's top two commodity exports—were the main cause for the substantial decline in Indonesia's non-oil exports in the first half—which fell by $1bn to $2.2bn.

Log and palm oil exports are expected to decline even faster in the second half as the Government continues its policy of forcing palm oil producers to sell on the domestic market for cooking oil and forces timber producers to switch from log exports to domestic timber processing. Non-oil export of revenue this year may end up at $4bn or less, compared with $5.9bn in 1980.

The outlook for oil and gas exports, which last year accounted for 73 per cent of total gross export earnings, is less clear.

Although Indonesia has been forced to reduce premiums this year, prices are still above pre-December levels when Opec increased average prices by 10 per cent. This coupled with a small volume increase in the first half, accounts for the $900m gain in oil and gas exports in the first six months.

S. Africa to double coal export limit

By Bernard Simon in Johannesburg

THE LIMIT on South Africa's coal exports is to be doubled to 80m tons a year over the next 30 years, Mr F. W. de Klerk, Minister of Mineral and Energy Affairs announced.

The increase will make South Africa the world's third largest coal exporter after the U.S. and Australia.

The higher quotas follow an upward revision last year of the country's exploitable coal reserves, now estimated at 51bn tonnes. Nonetheless, private coal exporters were surprised at the size of the quota increase. Most had expected that the new ceiling would be between 65m and 70m tonnes a year.

The higher quota would raise South Africa's export earnings from coal to around R5bn (£2.9bn) a year, Mr de Klerk said. Coal exports last year, totalling 29.2m tons, earned R688m, making coal the country's most valuable exporter after gold. The main customers are France, Japan, Italy and Denmark.

Coal exports are being stepped up under the second phase of the Government's export programme. The target of 40m tons, as well as 4m tons of anthracite, is due to be reached in 1986. Coal exports amounted to 2.7m tons in 1975.

Mr de Klerk gave no indication which exporters will benefit from the higher export allocation. Several companies, including local mining houses and a number of international oil companies, have submitted applications.

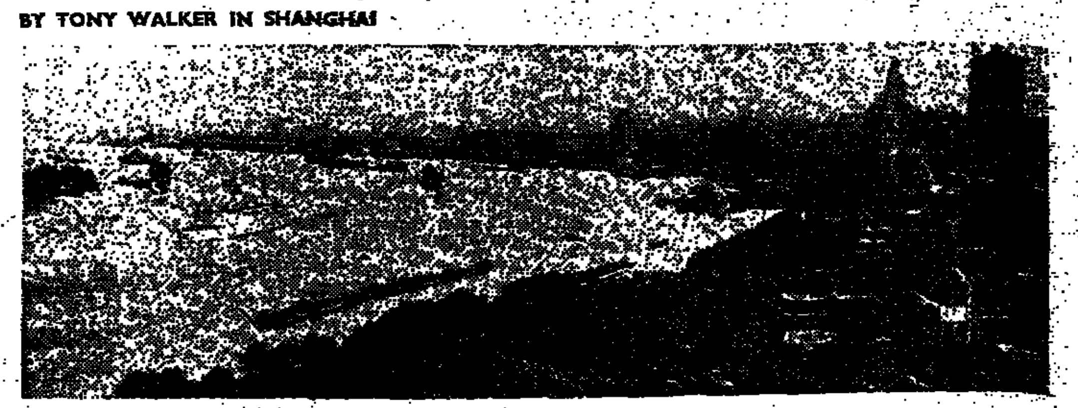
The fact that the quotas will be for as long as 30 years indicates that those companies controlling the largest deposits will be the main beneficiaries.

They include Anglo American Rand Mines and General Mining. In addition, several mining houses which were given no allocation at all for the second phase, such as Gold Fields of South Africa, Johannesburg Consolidated Investment and Anglovaal, will probably also benefit.

The second phase allocations were criticised sharply after the Government gave quotas to several oil companies, including Shell and BP, in return for assurances that they would maintain the flow of crude oil

Shanghai plan for foreign business estate

BY TONY WALKER IN SHANGHAI



Shanghai in former days: a foreign business enclave now would not be comparable with the concessions once operated by France and Britain

MORE THAN 30 years after Red Army soldiers marched through the streets of Shanghai sweeping away foreign enclaves in this once great commercial centre of the East, the Chinese are planning to re-establish a foreign business estate — on their terms.

Xu Bangfai, the influential general manager of the Shanghai investment and Trust Corporation, said that municipal approval had been given for a 13-hectare estate, and planning was well advanced.

Mr Xu, an impeccably-dressed Shanghainese who speaks flawless English, said the newly-incorporated Sitco will advise on the development of the site and handle tenders from foreign business for construction projects.

"We hope to start developing the site early next year," Mr Xu said. He estimates that it will cost between $50m and $100m to provide infrastructure such as water, roads and electricity.

Among buildings planned are a trade centre, hotel, schools, hospital, offices, apartments and houses.

Municipal approval for the foreign enclave means that Shanghai, after moving rather slowly towards allowing international involvement in local ventures, appears firmly committed to opening its doors to foreign business.

Mr Xu expects a good response from foreign companies wishing to put up buildings on the estate. He mentioned that a number of the world's big hotel chains such as Hilton and Sheraton had expressed strong interest in establishing a hotel in Shanghai.

A site has been chosen already for the enclave, located about halfway between the city centre and the airport near a major industrial estate at Min Hang where the Chinese will encourage joint ventures to be set up.

The foreigner's enclave in Shanghai will operate in much the same way as Peking's diplomatic "ghetto." There, foreign residents, mostly diplomats, live in segregated housing with their own club and recreational facilities. It is the Chinese way of "sealing off" corrosive foreign influence from the local population.

Asked whether there was a danger of the new foreign estate reviving unpleasant memories of Shanghai's old concession areas, which were held under treaty by countries like France and Britain as "islands" of privilege and opulence in the city, Mr Xu said: "You can't compare the two, because this time it will be under our control."

Given Shanghai's rather lurid past, was the municipality concerned about problems posed by a large influx of foreigners? Mr Xu said: "We can handle it."

Sitco, while similar to Citic, the China International Trust and Investment Corporation located in Peking, is likely to outshine the national body which has proved rather disappointing. Citic, established in 1979, has signed a large number of agreements, but has done little effective business.

Sitco has the advantage of being based in China's foremost industrial city, and the one which has the most expertise in dealing with the West. Mr Xu a sprightly 60-year-old, is an impressive chief executive.

Sitco, which was incorporated at the end of last month, is authorised to get involved in raising funds for business ventures, either domestically or from abroad, investing itself from its registered capital of about $50m, organising negotiations and discussions, and handling tenders.

Mr Xu said Sitco is interested in assisting industry to modernise to serve both international and domestic markets through processing agreements, compensation trade, joint ventures, co-operative production and the purchase of technical know-how. It is particularly interested in encouraging production to what he described as high-quality consumer durables.

Sitco's articles of association which encompass loan raising through commercial borrowing, accepting trust deposits and issuing bonds gives it wide scope to channel funds into new ventures.

Prospects for foreign business, according to Mr Xu, are "very big in Shangnai."

Italy bid to keep import deposits

BY JAMES BUXTON IN ROME

THE ITALIAN authorities are studying ways in which the controversial import deposit scheme, introduced as an emergency measure at the end of May, can be extended when it expires at the end of this month.

Under the scheme, importers are obliged to deposit with he Bank of Italy some 30 per cent of the value of goods that are imported. The deposits are held in non-interest-bearing accounts for three months. Only imports of crude oil and grain are exempt from the scheme.

The import deposits were introduced first to correct a severe balance of payments deficit (one-and-a-half times greater than that of the corresponding period of 1980) and, second, to reduce domestic credit. They were criticised by the EEC Commission, as the Treaty of Rome allows such action only in emergency.

The measures helped to improve the monthly balance of payments figures both in June and July, so that the cumulative deficit for the first seven months of 1981 is now L750bn (£323m) in contrast with L5041bn for the first five months. But the improvement is due partly to large capital inflows as a result of Italy's heavy foreign borrowing.

The Bank of Italy and the Government fear that the removal on schedule of the import deposit scheme will release a flood of imports. This would cancel out many of the benefits of the scheme.

The Bank of Italy and the Ministry of Foreign Trade are studying ways of phasing out the deposits over a longer period, which could range from three to six months. This could be done by progressively reducing the rate at which the deposits are levied and introducing an increasing number of exemptions.

Any continuation of the scheme will be unpopular with the EEC Commission but Italy can reasonably argue that the underlying economic situation which led to the introduction of the import deposits has not changed substantially. It can point out that the improvements to the balance of payments are due in part to capital inflow which are only increasing Italy's indebtedness.

Italy may also hope that there is some sympathy for it in Brussels where it is seen as the aggrieved party in the wine war with France.

While the Government this week continues its negotiations with trade unions and employers on reducing the inflation rate, it can take some comfort from a sharp drop in inflation in August.

The cost of living rose by 0.7 per cent, the lowest monthly percentage rise since December, 1978, making an annual rate of 20.2 per cent, against an annual rate of 20.6 per cent in June. The monthly increase in July was also low at 0.8 per cent.

However, the figure for August needs to be treated with caution because it is always an exceptional month. The big cities are almost deserted as Italians holiday at the seaside, and many shops are closed.

Overland transport costs show 80% rise in Kuwait

BY JAMES DORSEY IN KUWAIT

OVERLAND transport costs from Kuwait to neighbouring countries and particularly to Iraq have increased recently by nearly 80 per cent.

The rise is attributed to congestion in Kuwaiti ports and a shortage of trucks and drivers.

The problem has been aggravated by a recent Iraqi decision, taken for military reasons, not to allow men under 45 years of age to leave the country. The Iraqi decision extends to Iraqi male citizens who live abroad but who return home on visits.

This decision has hit the transport trade which employs many Iraqis as drivers for overland transport of transit goods from Kuwait to Iraq. Several companies are waiting in vain for the return of their drivers and trailers.

Iraq's overland transport office in Kuwait is increasing its transport capacity by hiring trucks on the open market. The drivers are recruited among Koreans, Taiwanese and Egyptians.

Another reason for the rise in costs is a Kuwaiti Government decision banning storage of goods in the ports. Ships in Kuwaiti ports have to wait up to 60 days before they can berth. Seventy-two ships are said to be outside the port.

Port authorities said that the volume of transit goods to Iraq has doubled since the beginning of the Gulf war. Authorities estimate that 10m tonnes for transit will have been unloaded in Kuwait by the end of 1981.

More than two-thirds of the ships waiting off Kuwait carry goods for Iraq and other Gulf countries.

The order banning the storage of goods at the ports beyond a certain period has also affected unloading. Importers must clear goods unloaded before they start pressing for discharge of further shipments. The trailers must make the journey across the border to Kuwait before calling at the port to load up.

UK NEWS

Torpedo contract decision has wider spin-off

Michael Donne looks at the fierce battle for a key naval order and its impact on UK-U.S. arms links

WHEN the Cabinet's Defence and Overseas Policy Committee sits down this morning to consider, among other matters, which new type of heavyweight torpedo to order for the Royal Navy, it will not be lacking in advice.

In recent months the most concentrated campaign on behalf of an industrial defence programme seen in this country for many years has been waged by the rivals—Marconi Space and Defence Systems (MSDS) of the UK, offering its Model 7525 heavyweight torpedo, against the Ocean Systems Division of Gould Incorporated, of the U.S., which is offering its Type 48 Advanced Capability (Adcap) weapon, under development for the U.S. Navy.

The stakes are high. The basic value of the contract to the winner is likely to be at least £550m initially, with the possibility of sales to Third Countries, and probably follow-on orders in the UK itself for further developments of the torpedo as the technology of underwater warfare progresses in the next 20 years.

MSDS says at least 1,000 jobs could be jeopardised initially, and probably many more subsequently, if the Government decides in favour of the U.S. heavyweight torpedo.

Earlier this year Mrs Thatcher opened an underwater weapons factory at Neston, Cheshire, which is intended for work on the MSDS torpedo. It is suggested this factory could close if the torpedo order goes abroad.

A substantial amount of work on the MSDS 7525 has been done in conjunction with the Admiralty's Underwater Weapons Establishment, at Portland, and with other companies in the UK, such as Sperry Gyroscope.

At least three underwater test vehicles known as TVX have been developed and tested at a cost of several million pounds. It is said the development of both lightweight and heavyweight torpedoes will benefit from the 7525.

The UK companies, headed by MSDS, have made it clear that if the Ministry of Defence selects the MSDS torpedo, the entire value of the contract will remain in this country, and that the ability of the manufacturers to compete in other overseas markets wil be enhanced.

Gould Incorporated, on the other hand, has made it clear that if its own Adcap version of the Mark 48 U.S. heavy torpedo is chosen it will guarantee that at least 35 per cent of the value of the contract, or £175m to £180m, will be placed in the UK, and that through additional work in other directions virtually the entire value of the torpedo contract could eventually accrue to the UK.

Gould has also said it will set up a torpedo factory in Britain, costing between £2.7m and £5.4m, at a site yet to be selected, to build such items as propulsion equipment if it wins the contract.

The U.S. company already has other outlets with UK companies for various items of defence hardware, such as batteries and hydraulics, and these could be built up substantially.

What is not clear is what the U.S. Navy Secretary, Mr John Lehman Jr., has been saying to Mr John Nott, UK Defence Secretary, during his UK visit which ends this morning.

It has been suggested that the U.S. Navy might be prepared to buy the MSDS Sting-Ray lightweight torpedo if the UK buys the heavyweight U.S. Mark 48.

Many other possible "trade-offs" have been rumoured in recent weeks. These include the possibility of the U.S. Navy buying some of the new AV-8B Advanced Harriers, now that the U.S. Marine Corps is to buy 336 of them and the RAF 60, under a recent Anglo-U.S. Government agreement.

The U.S. Navy's interest in the Harrier, originally lukewarm, is known to be quickening, now that the aircraft is certain to enter service with the Marines.

Another suggestion has been that the U.S. might buy some of the British Aerospace Hawk trainer and light combat aircraft, to meet an emerging U.S. Navy requirement for a new trainer, called the VTX-TS system.

This is currently the subject of an intense international competition, in which UK and European companies (including Dassault-Breguet and Dornier) have teamed with U.S. groups to win a deal for several hundred aircraft.

Another possibility is that the U.S. might buy the new British Thorn-EMI Searchwater anti-submarine radar, installed in the Nimrod maritime reconnaissance aircraft.

Mr Lehman flew in a Nimrod late last week, and was full of praise for the Searchwater radar on landing: "I think we ought to have it if we want to stay ahead (of the anti-submarine warfare) game."

The possibility of a deal between the two governments involving any of these projects cannot be dismissed. The original Gould-MSDS battle over heavyweight torpedoes has to some extent become more complex through the summer as a result of the emergence of U.S. needs for weapons systems the UK can supply.

Coupled with this has been an increasing awareness in the Government, and in the Ministry of Defence, and even to some extent in Nato itself, that much more international collaboration on weapons research, development and production is essential if money is not to be wasted.

It is known that the MoD is worried about overspending on the current year's defence budget, and some collaborotive deals with the U.S. might not come amiss in the months ahead.

It would not be surprising if, in the light of all this, the Defence Committee defers any decision on torpedoes, until it has had time to study more closely the implication of a deal on any of the other defence projects that are available.

EEC bank lends £4.5m to Systime

BY ELAINE WILLIAMS

THE European Investment Bank, the EEC's long-term finance bank, has granted loans worth £15m for the development of industry in the North of England and Cornwall.

The loans will help to create up to 1,000 jobs in areas of high unemployment and include a £4.5m loan to Systime towards the construction of a factory in Leeds which will manufacture minicomputers.

The company, formed in Leeds in 1973, is expanding its operations and is moving to premises outside the city. The new factory, which will be operating by mid-1984, will cost £48m.

Systime hopes to create about 450 jobs in Leeds and a further 350 at its other offices.

J I Case, a subsidiary of the U.S. Tenneco group, has been lent £3m towards the construction of a factory at Redruth in Cornwall.

This plant will make crawler dozers and loaders used in the construction industry. Up to 300 new jobs could be created by the venture. The factory, costing £6.75m, is expected to start production in mid-1982 and to employ about 200 workers.

The plant is intended to export a high proportion of its output and to complement Case's factory in France which is also being expanded.

The bank is lending £1.5m to Express Newspapers to expand its printing works in Manchester, creating up to 300 new jobs. The expansion will allow the group to increase production of its three newspapers, the Daily Express, Sunday Express and Daily Star.

A further £6m will go to the South West Water Authority to help with a £27m drainage and flood protection project at Totnes, Devon. The finance also includes various water treatment and sewerage works in south west Cornwall.

Buoyant car sales surprise industry

BY JOHN GRIFFITHS

THE MOTOR industry was taken by surprise at the buoyancy of new car sales in the UK last month. They reached 245,948 — the second highest in history and 6.08 per cent higher than in August 1980.

Sales in the year to date totalled 1,092,005, a fall of 4.56 per cent on the same period of last year.

August sales tend to be dominated by private buyers, because it is the month in which the new registration suffix is introduced.

Private purchasers have tended to favour imported cars. Last month, imports accounted for 63.14 per cent of the market. This was slightly down on the 63.83 per cent of August 1980. But for the year to date, the decline in imports is more substantial—they are accounting for 55.76 per cent against 58.9 per cent in the first eight months of 1980.

BL's market share of 16.16 per cent was 1 percentage point up on its August 1980 level. Its share this year remains only slightly below its target of 20 per cent, with a January-August level of 19.2 per cent.

Ford remained the market leader. It had record sales of 72,839, for 29.64 per cent of the market.

UK CAR REGISTRATIONS

	August 1981	%	August 1980	%	Eight months ended August 1981	%	Eight months ended August 1980	%
Total UK produced	90,653	36.86	83,847	36.17	482,996	44.23	470,223	41.10
Total imports	155,294	63.14	147,995	63.83	608,923	55.76	673,947	58.90
Total market	245,948	100.00	231,844	100.00	1,092,005	100.00	1,144,178	100.00
Ford*	72,906	29.64	52,414	22.61	332,997	30.49	347,712	30.39
BL*	39,757	16.16	35,449	15.29	209,479	19.18	197,829	17.29
General Motors—								
Opel	3,147		4,532		15,274		17,676	
Vauxhall*	15,635	6.35	16,253	7.01	76,649	7.01	85,980	7.51
Other GM	92		127		554		736	
Total GM	18,874	7.67	20,912	9.02	92,477	8.47	104,392	9.12
Peugeot Group—								
Talbot*	10,038	4.08	14,210	6.12	53,283	4.87	68,444	5.98
Peugeot	3,287		4,818		13,315		19,975	
Citroen	5,270		4,418		20,000		21,715	
Total Peugeot	18,595	7.56	23,446	10.11	86,598	7.93	110,134	9.63
Datsun	18,384	7.47	25,391	10.95	70,681	6.47	77,134	6.74
VAG (VW-Audi)	15,360	6.25	12,993	5.60	58,875	5.39	49,804	4.35
Renault	11,558	4.70	11,044	4.76	52,852	4.84	66,767	5.84
Fiat Auto—								
Fiat	11,267		9,080		39,460		35,892	
Lancia	1,680		1,263		4,825		3,955	
Total Fiat Auto	12,947	5.26	10,343	4.46	44,285	4.06	39,847	3.48
Volvo	7,318	2.98	6,945	3.00	30,608	2.80	28,327	2.48

* Includes cars from companies' Continental associates not included in the total UK figure.
Source: Society of Motor Manufacturers and Traders

APPOINTMENTS

Kenning Motor Group director

Mr C. P. R. Murray has been appointed service director of KENNING MOTOR GROUP. He has been with the group since 1963.

★

Mr Peter Davis, managing director of Lovell Homes, joins the board of Y. J. LOVELL (HOLDINGS) on October 1.

Mr Peter Davis

★

Mr H. A. Whitson has been appointed chairman of SCOTTISH MUTUAL ASSURANCE SOCIETY succeeding Professor T. Wilson, who retires after three years in that office but remains a director. Mr D. D. McKinnon, deputy general manager, has become a director.

★

Mr Gordon M. Thomson has been appointed group financial director of SCOTCROS. He was previously financial director of R. Paterson and Sons.

★

Dr John A. Roberts, group managing director of Ruberoid, has been appointed chairman of CATALIN following the acquisition by Ruberoid of 92 per cent of the Catalin issued share capital. Mr David S. Morris, secretary of Ruberoid, has become a director of Catalin.

★

Mr Stephen Beamish has been appointed to the new post of general manager of engineering at SONY BROADCAST. He will be responsible for the day-to-day control of systems engineering, service, quality assurance and spare parts. Before joining the company, Mr Beamish was with Television International as engineering director.

★

Mr D. G. McLachlan has been appointed a corporate finance director, MIDLAND BANK. He was previously a senior corporate finance executive in the bank's corporate finance division.

★

The Secretary for Energy has reappointed Lord Croham as part-time deputy chairman of the BRITISH NATIONAL OIL CORPORATION for a further year.

★

Mr P. Woddis has been appointed managing director of CUSSONS GROUP in succession to Mr A. G. Kanellis who, being a director of the parent concern Paterson Zochonis and Co., returns to head office.

★

Mr F. A. Simpson has been appointed vice-chairman, following his retirement as managing director, of SIMPSONS OF SPALDING, a member of the Richardsons Westgarth Group. Mr A. R. Chisholm has joined the company as managing director.

★

Mr Robert Skinner has been appointed chief management accountant at BRITISH RAILWAYS BOARD headquarters. He succeeds Mr H. R. Wilkinson, who has retired.

★

ITU (AGENCIES) has appointed Mr Richard Goff as Midlands regional manager of its first regional office at 50, High Street, Henley-in-Arden, Warwickshire, which the company has opened.

★

Mr Keith D. Bacon has been appointed an assistant director of the NORTHERN RUBBER COMPANY, a member of the industrial division of the Pegler Hattersley Group. In addition to his responsibility for company marketing, he takes over responsibility for the export sales.

★

ROBERT KELLY (MACHINE TOOLS), Haydock, Merseyside, which was recently formed to incorporate the machine tool distribution business of Robert Kelly and Sons, has made the following appointments: Mr H. B. Kelly, Mr P. Flatter (managing), Mr E. Russell (sales), Mr D. A. Vaughan (technical) and Mr L. White (financial). The company is part of the Hunter Douglas Group.

★

Dr Joh R. Valbert has been appointed vice president, operations, of ARCO CHEMICALS EUROPE, based in Eton, Berkshire, UK. He was formerly vice president, technology, for Oxirane Corporation in Houston, Texas. Dr Valbert replaces Mr McGregor Scott who has returned to the ARCO Chemical Company headquarters in Philadelphia, U.S. as business manager, Heavy Olefins. ARCO Chemical Company is a division of Atlantic Richfield Company.

OVERSEAS

Dr Franz Schmitz, general manager of Swiss Bank Corporation, has been appointed board chairman of the GENEVA ENGINEERING COMPANY ATELIERS DES CHARMILLES SA. Mr Jean-Jacques Michel, manager of Banque de Paris et des Pays-Bas (Suisse), becomes the board's vice-chairman. Retiring chairman Mr Paul Waldvogel has been made honorary chairman of the company.

★

Mr Marcel Avargues has been named director of international development of the DIRECT MAIL MARKETING ASSOCIATION at the Paris office. From 1973 to 1980, Mr Avargues was with the Societe Europeene de Distribution Directe, most recently as its marketing vice-president.

★

C-E LUMMUS, a subsidiary of Combusion Engineering Incorporated, has appointed Mr Norbert M. Preisendorfer as managing director of its Saudi Arabian joint venture company, Lummus Alireza. He succeeds Mr Robert W. Michaels who has returned to Lummus international headquarters at Bloomfield, New Jersey. The headquarters of Lummus Alireza are in Riyadh. Mr Laurence M. Roth has become president-directeur of Lummus Nederland in The Hague. He replaces Mr Travis G. Hutchinson who has moved to the Lummus company headquarters in Bloomfield, NJ, as president.

Report on Royal Bank takeover bids delayed

BY WILLIAM HALL AND MARK MEREDITH

THE Monopolies and Mergers Commission investigation into rival bids for the Royal Bank of Scotland is expected to be delayed for another three months. It will not be finished until the end of January.

The report into the £500m bids by Standard Chartered Bank and the Hongkong and Shanghai Banking Corporation for Scotland's largest bank was scheduled to be completed by the end of next month.

The investigating panel is believed to have requested a three-month extension, however, because of the subject's complexity and the scale of evidence submitted.

Last week the commission visited Edinburgh. There it heard evidence for two days. Most of it was believed to be in favour of the Royal Bank retaining its independence.

The pressure has been on the Royal Bank's management to justify just why it thinks a merger is in the public interest and why Standard Chartered Bank rather than the Hongkong and Shanghai Banking Corporation is the ideal marriage partner.

A merger with the Hongkong and Shanghai Banking Corporation would create stresses and become an unsound structure, according to Mr John Burke, managing director of the Royal.

Mr Burke defended his bank's support for a rival takeover bid from the Standard Chartered Bank in the face of mounting criticism in Scotland for any potential merger.

Interviewed in a supplement to the staff news-letter, Countertalk, Mr Burke said a merger with Standard Chartered would give Scotland, in return for the loss of areas of control, a powerful domestic bank which was an important part of an even more powerful international set-up.

He said the managements of both banks were on the same wavelength as far as policy was concerned.

The Hongkong and Shanghai Banking Corporation had a number of serious weaknesses in crucial areas for the Royal, Mr Burke said.

"These stem from the fact that it is not really a British bank in the normally-accepted sense."

It was not sterling-based and the Hong Kong bank did not belong to the same banking circle as the Royal. "This would create stresses in any partnership and, given all the good will in the world, would create an unsound structure."

"Add to this a head office 8,500 miles away on an offshore Asian island and you will see that factors as varied as the sheer distances involved in attending board meetings or the differences in the mental attitude to international business will complicate any partnership.'

It was not possible for any Scottish bank to buy its way meaningfully into the international league. Yet he was convinced Scotland needed an international bank both as a vital aid to its industry, which was to a greater extent than even the UK as a whole, dependent on export trade, and to lubricate the flow of foreign investment into Scotland.

Mr Burke said that at home the Royal Bank had to operate in a market that was under-banked and over-branched. Only about 50 per cent of potential Scottish customers had accounts, compared with 80 per cent south of the border.

The Royal faced increasing competition in Scotland from branches of other British and international banks.

"They are not interested in the current accounts of the crofter in Harris or even the corner-shop in the city. They are after the cream of corporate business," he said.

If the Monopolies and Mergers Commission rejected the bids for the Royal, the bank would survive. It would be a hard struggle, however, against great international giants.

Many of the Royal's arguments were countered by a submission to the commission by the semi-official Scottish Development Agency. Parts of the agency's evidence were published last week as the Commission sat in Edinburgh.

The agency urged rejection of the bids, saying it was critically important to support, safeguard and develop private-sector indigenous enterprises in Scotland, especially banks which had a formative influence.

It argued against the need for a bank to increase its size, pointing out that only 17 U.S. banks were larger than the Royal and that the experience of European and U.S. banks confirmed that size, profitability and effectiveness were not interrelated.

The agency said the autonomy given to the Royal in a merger would be eroded eventually—more rapidly in a take-over by the Standard Chartered than in one by the Hongkong and Shanghai.

Hugh Routledge

BRITISH RAIL yesterday launched a rail card allowing the country's 750,000 disabled people half-price travel.

Sir Peter Parker, BR chairman (above left), said it was important that all transport systems should remove the barriers to mobility and help disabled people to live more active lives.

"The cost of travel has been an important barrier which BR has now eased," he said.

The first £10 card was presented by Sir Peter and Mr Jimmy Savile, the disabled people's champion disc jockey (right), to Mrs Audrey Thompson (centre), of Wellingborough, at a London ceremony.

Mrs Thompson, an invalid since 1946, was unhappily the guinea pig who indicated some of the problems BR would have to overcome.

When she tried to get into a coach, her wheelchair was found to be too wide. Railman scurried to remove a seat.

The principal groups of disabled people who qualify for the half-rate card are the registered blind and partially sighted, those who receive an attendance allowance or a mobility allowance and the war disabled—as well as one companion each.

British Airways asks to move Gatwick flights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS has asked the Trade Department if it may return to Heathrow some of its scheduled passenger flights to and from Spain. These were transferred to Gatwick more than a year ago as part of the Government's policy to promote greater use of Gatwick.

In the past year, however, it has become clear British Airways has been uncompetitive with Iberia, the Spanish flag-carrier which kept its flights at Heathrow.

British Airways is believed to have lost more than £10m in the past year by operating flights to Madrid and Barcelona from Gatwick instead of from Heathrow.

The request to be allowed to return to its Spanish scheduled flights to Heathrow is understood to have been made in a letter from Mr Roy Watts, British Airways chief executive, to Mr John Biffen, Trade Secretary. The request is being studied.

British Airways might also want to return to Heathrow its scheduled flights to Lisbon, Portugal.

Mr Watts said at the recent Press conference on the airline's annual report and accounts that it would be ready to move Iberian scheduled operations back to Heathrow if allowed to do so.

British Airways is understood to have lost much scheduled traffic on the routes while at Gatwick, through being uncompetitive with Iberia. In its current situation—it lost more than £141m pre-tax last year—it is trying to close every drain on cash it can identify.

The Government's policy for some years has been to try to persuade more scheduled airlines to transfer flights to Gatwick, to ease the strain on Heathrow. It has had limited success.

Airlines such as Air Canada, Iberia and Air Portugal resisted pressures to move. The Government was obliged to let those airlines remain at Heathrow but to say any new services they or any other airlines might wish to start would have to use Gatwick.

What the Government must be concerned about is that if it allows British Airways to return some scheduled flights to Heathrow others will want to follow. This would be unsatisfactory for Gatwick.

British Airways does not intend to move all flights from Gatwick. Recently it opened a big hangar there and Mr Watts made clear the airline intended to stay.

Its holiday-flying subsidiary British Airtours and the big British Airways Helicopters operation are based at Gatwick. They will stay there.

Some other scheduled services will remain. It is possible British Airways will seek new scheduled services from Gatwick to other West European destinations.

British Airways says, however, that with the Iberian services there is a special case and unless the foreign flag-carriers (Iberia and Air Portugal) are also made to move it must be at a disadvantage.

Maze prison hunger protest will continue

By Stewart Dalby

PROVISIONAL IRA prisoners in the Maze outside Belfast are determined to continue the hunger strike protest although five families have aborted protests by their sons and the smaller Irish National Liberation Army (Inla) has said it will scale down its own protest.

Mr John Pickering, 25, from Andersonstown in Belfast, was yesterday named as the latest IRA man to go on hunger strike. He is serving a life sentence for murder and has been in the Maze since 1977.

There has been some doubt raised about his health, however. A Provisional Sinn Fein spokesman dismissed these doubts and said he had volunteered for the hunger strike "some time ago."

Sinn Fein said that there are between 40 and 50 prisoners who are prepared to go on hunger strike.

The protest appears to be losing momentum because four families have intervened to pull protesters off their fasts when they have become too weak to act for themselves. A fifth striker abandoned his fast early in the protest because of acute pain through ulcers.

There is speculation that the next hunger striker in line, Mr Liam McCloskey, who has been on hunger strike for 36 days, may have his protest ended by relatives when it reaches a critical stage.

Plastic bullets inquiry sought

THE National Council for Civil Liberties yesterday called for an investigation into the use of plastic bullets in Northern Ireland.

"We are very concerned about the alarming increase in the number of plastic bullets fired this year," said Mr Larry Grant, NCCL vice-chairman.

The council's statement follows Lord Gifford's recent fact-finding visit to Londonderry. Lord Gifford, a barrister, was asked by the NCCL to investigate two incidents in Derry in April which led to the death of three youths.

Paul Whitters, 15, was hit in the head by a plastic bullet and died 10 days later. James Brown and Garry English, aged 18 and 19, were run over by army Land-Rovers.

NCCL was asked by the families of the youths to investigate the circumstances of their deaths. The second incident is now the subject of judicial proceedings.

Call to halt Stansted and all new inland airports

BY LYNTON McLAIN

NO MORE inland airports should be built in Britain and the Government plan to develop Stansted into London's third airport at an eventual cost of £1.25bn should be abandoned, according to Sir Colin Buchanan, the president of the Council for the Protection of Rural England, and a member of the Roskill Commission which ruled out Stansted in Essex as the third airport 11 years ago.

"The prospect at Stansted for a third London airport twice the physical size of Heathrow, handling nearly twice as many passengers is totally unacceptable to local people, local authorities and many other organisations," Sir Colin said yesterday at a London Press conference to launch his new book on the Stansted controversy, "No way to the airport."

It appears three weeks before the start of the official public inquiry on September 29 into the plans by the British Airports Authority to expand capacity at Stansted from 1m passengers a year to an initial 15m passengers a year.

The authority has already bought local houses and half of the 1,400 acres needed for the bigger airport ahead of the inquiry, spending approximately £5m. Sir Colin is convinced that the inquiry will come out against the development of Stansted.

The essence of the case is a "sharp conflict between the commercial forces of civil aviation and English rural life and agriculture on the other."

Sir Colin accepted that he had not found it possible to put forward a positive answer to the conflict in his book: "The rock on which I stand is no more inland airports," he said. Nevertheless he believed it was possible to develop further regional airports, if environmental issues were strictly controlled.

Regional airports could help to redress the imbalance of prosperity between the north of Britain and the south, but guidelines were essential for aviation industries which had "no absolute right to grab land where they want."

Man dies as fire destroys Manchester chemical site

BY SUE CAMERON, CHEMICALS CORRESPONDENT

ONE MAN died and another was badly burned in a fire which destroyed the Chemstar chemical site at Carrbrook near Manchester in the early hours of yesterday.

The fire started about midnight when an explosion sent 40-gallon drums of chemical solvents hurtling into the air. Further explosions followed. Hundreds of nearby homes were evacuated as sheets of flame leapt into the sky. It took 200 firemen six hours to bring the blaze under control.

The cause of the fire is still not known. The fire brigade and the Health and Safety Executive are both investigating the disaster.

The Health and Safety Executive said yesterday it had inspected the Chemstar site on several occasions. Its recommendations for improving safety standards on the storage and safety side of the business had been carried out, and the executive had been "satisfied" with the safety provisions there.

Manchester Fire Brigade, which has responsibility for the safety standards in buildings on manufacturing sites, said it too had inspected the Chemstar site, and had been satisfied with the fire precautions taken there.

Chemstar recycled industrial solvents so they could be reused for such things as thinning paint. First reports suggest there might have been up to 150,000 gallons of chemicals on the site when the fire broke out—including alcohols and hydrocarbons.

● Hydrocarbon gases escaped from Esso's refinery at Fawley near Southampton yesterday when a seal blew in a pipe. All the emergency services were alerted. The unit was shut down.

Esso said the incident had not been serious, and there had been no danger. It expected the seal would be repaired in a day, and the unit reopened.

Meanwhile, production—the unit produces high octane petrol—is being maintained at normal levels using a second, similar unit.

SDP to announce large gain on Islington council

BY GARETH GRIFFITHS

THE SOCIAL Democrats will announce today that at least 15 Labour councillors in the London Borough of Islington have applied to join them. This will create the largest Social Democrat council group in the country.

The move comes immediately before a council by-election in Islington on Thursday, which will be a key test of SDP support in London. The Social Democrats are fighting the ward with Liberal Party support.

One of the main points that the SDP is stressing both locally and nationally is that the Labour defectors are leaving before the party conference at the end of the month. Substantial defections at a local government level had not been expected until then, particularly in London where the Labour parties are more left-wing than elsewhere in the country apart from Merseyside and the Scottish cities.

The 15 new adherents to the Social Democrats are believed to include several committee chairmen. They are expected to have a significant influence on next year's borough elections. Several other Islington Labour councillors could also join the Social Democrats in the near future.

Six Labour councillors split away in March to set up a Social Democrat group. The local membership is now about 500. The importance of the Islington move is that it could provide a model projecting development in other London inner city boroughs with the same sort of political conditions.

These cover a bitter fight between the right and left wings of the Labour Party, sustained rate rises due to the workings of the Government's block-grant system, the spending policies of Labour councils and pressure on local authority members fro mparty activists.

Nationally, the Social Democrats are not sure how many local authority members they have, although the party hopes to control several authorities in conjunction with the Liberals.

Several local authority electoral pacts have already been reached in Birmingham, Sheffield and Hammersmith and many more are likely in the autumn.

The SDP Liberal alliance has already scored several impressive election victories, particularly in Labour seats.

Rolls-Royce reports fall in sales of spares

By Michael Donne, Aerospace Correspondent

ROLLS-ROYCE, which is already reducing RB-211 output because of a decline in the number of new orders for Boeing 747 Jumbo jets and Lockheed TriStars, also now reports a drop in the sale of aircraft engine spares to airlines.

Mr Mike Pratt, the assistant product support director for spares supply, says in the latest issue of Rolls-Royce News that airlines are looking at ways to cut their flying. "This helps trim their rocketing fuel bills, but it also cuts down on engine time and on their spares requirements in the longer-term."

It is estimated that income from spares sales on Dart, Spey and RB-211 engines is about £50m below the budgeted figure for the year.

One effect of this is that the spares departments are calling for about 10 per cent less work-load on both spares built in-house, and those bought-in from outside manufacturers.

The effects of this, however, are not even. "It tends to hit some areas more than others," says Mr Pratt. "On some engines spares demands have fallen sharply, while on others demand remains reasonably high."

Underlying the situation is the recession, which will delay recovery in airline demand for spares. "We are looking for some recovery in 1982, but probably the major recovery won't come until 1983."

Six due to appear in meat trading fraud case

SIX PEOPLE are due to appear at Ilminster Magistrates' Court tomorrow charged with a number of offences in connection with T. G. Hawker, the Somerset-based meat trading company which crashed in December 1979 with gross debts of £7.5m.

The six accused — including Mr Terry Hawker who controlled the company — were arrested by members of the Avon and Somerset Fraud Squad yesterday.

The charges include theft by deception, offences under the Companies Act, and fraud.

The decision by the Director of Public Prosecutions to make the charges comes after a six-month study of the results of the police investigation into the affairs of Hawker. During this time counsel's opinion was taken on the case.

The police launched their investigation into Hawker in March 1980 following a complaint from the receiver, Mr David Snowdon of Peat Marwick Mitchell, and Julian S. Hodge, a major creditor.

The receiver's inquiries into the company revealed "substantial accounting irregularities arising from past management."

At a meeting of Hawker creditors in Bristol in April last year, the Official Receiver said it was doubtful whether the company ever traded profitably during its three-year life.

The company was established by Mr Terry Hawker at the beginning of 1977 with an isued capital of £100,000. The other directors at that time were Mrs H. Hawker and Mr G. S. Bishop. Hawker's first set of accounts for the year ended October 31, 1977 showed a turnover of £4.8m, and a net profit balance of £200,296.

By the time the receiver went in in December 1979, the company, which employed 200 people, had increased its turnover to more than £25m.

Hodge is a secured creditor for £4m. Among the unsecured creditors are the company's meat suppliers who are owed about £2.16m.

The Official Receiver, who is still in the process of winding up the affairs of the company, has made a preliminary estimate that the disposal of assets would leave the debenture holder with a deficiency of just over £2m.

Brittan discusses further economies with ministers

BY RICHARD EVANS, LOBBY EDITOR

MR LEON BRITTAN, Chief Secretary to the Treasury, is holding an intensive series of discussions with colleagues on departmental overspending prior to Cabinet decisions in the autumn on public expenditure proposals.

Warnings to ministers have been issued already by Mrs Thatcher and Sir Geoffrey Howe, the Chancellor of the Exchequer, that unless projected plans for public spending in 1982-83 of £78bn can be reduced prospects for cutting income tax before the next general election will be virtually nil.

Public spending estimates for the next financial year are more than £5bn over the Treasury target. Intense pressure is now being put on ministers to produce further cuts.

This pressure is certain to be resisted ferociously by ministers in charge of major spending departments. They argue that the series of spending reviews over the last two years have cut their budgets to the bone.

Mr Brittan, the Cabinet Minister in charge of public expenditure, has already seen over the last few days Sir Keith Joseph, Secretary for Industry, Mr Michael Heseltine, Secretary for the Environment, and Mr Mark Carlisle, Secretary for Education.

He plans to have more bilateral discussions with spending departments before the end of the month. It will then be up to the Cabinet to reach conclusions before the publication of the amended estimates by the end of the year.

Employers urged to wait

GODWINS, a leading firm of pension consultants, has urged employers to wait until the Government settles the new terms of the state pension scheme before deciding on whether to remain contracted out.

The Government Actuary last month set out his review of the terms whereby companies can contract out of the earnings-related part of the state pension scheme and provide the pension from a company scheme in return for lower National Insurance contributions.

He indicated that the present terms are too generous and recommended tougher terms.

In particular, he indicated that a National Insurance contribution reduction of 6 per cent from April 1983 would be justified, instead of the expected 6½ per cent.

This aroused widespread opposition within the pensions industry

Sealink to spend £10m

BY OUR SHIPPING CORRESPONDENT

SEALINK UK, the ferry operation of British Railways, plans to spend a total of £10m on two new car ferries to come into service on the Isle of Wight route in 1983.

The ships will be built in British yards and will expand Sealink's capacity on the busy route between Portsmouth and the island.

The two 1,800 tonne ships will each be able to carry up to 142 cars.

The ships will enable Sealink to provide much-needed extra vehicle space at peak holiday times and also offer an improved year round service, said Mr Derek Roberts, the company's chief traffic manager for the Irish and Isle of Wight routes.

He also repeated Sealink's view that fares would have to at least keep pace with inflation "and possibly go up a little

Mr Roberts asserted that Sealink was not constrained by the possibility of privatisation in line with the Government's policy of hiving off state-owned activities.

Report on Enserch bid

THE REPORT of the Monopolies Commission into the bid by Enserch for the Davy Corporation is expected to be published in London on Thursday.

The bid, which was worth £143m when it was made last December, lapsed automatically on being referred to the Monopolies Commission, but Enserch said then that it would relaunch the bid if the report found in its favour.

Lords seek Import controls

THE GOVERNMENT is being urged by the House of Lords European Communities Committee to consider introducing import controls on outward processed textiles and clothing.

In a report published today, the committee says that the introduction of specific quotas for outwarded processed textiles and clothing — semi-manufactured goods which are exported for further processing in low-cost countries and then re-imported — would protect the British industry while allowing it to continue to benefit from the trading practice.

July home starts totalled 14,900

BY MICHAEL CASSELL

IN JULY a start was made on 14,900 public and private sector homes, against 16,600 in the previous month, according to the Environment Department's latest statistics. In July, 1980, the total was 13,800.

The figures show only 3,200 public sector homes were started in July, with the balance being made up by houses for sale.

Public sector completions reached 6,300. Another 9,800 homes were finished for owner occupation.

Last year, private housing starts reached just over 97,000. This year they are not expected to rise above 120,000.

There were also 56,000 public sector starts, a figure which this year is unlikely to reach 40,000.

The department says starts recorded between May and July were up 1 per cent on the previous three months, and 3 per cent higher than in the same period in 1980. Completions were down 15 per cent on the preceding three months, and 19 per cent lower than a year earlier.

An estimated 11,400 local authority homes were converted or improved in England in the second quarter of 1981, compared with 13,700 in the first quarter.

Other figures from the department show that in the three months ended in March 111,000 planning applications were dealt with by local authorities in England.

For the third successive quarter there was a marked improvement in the speed with which applications were decided. More than two-thirds of all applications were decided within eight weeks. Only one in nine took longer than 13 weeks.

In the three months up to the end of June the number of planning appeals made in England fell 12 per cent from the previous quarter. Outstanding cases were at their lowest level for nearly 10 years. As with applications, decision times have shown improvement.

Recession hits heating and ventilating industry

BY MAURICE SAMUELSON

HEATING, VENTILATING and air conditioning contractors are suffering a severe fall in orders because of recession in the construction industry, a trade survey showed yesterday.

The Heating and Ventilating Contractors' Association said 64 per cent of the 217 respondents to its survey reported fewer orders than a year ago. More than half reported higher orders in 1978 and 1979, but only 18 per cent did so in June 1981.

The survey covered the first six months of this year.

The number of companies reporting higher output fell to 30 per cent in June compared with 51 per cent a year ago.

But the Association found it "somewhat reassuring" that 56 per cent of companies anticipated the same or higher output for 1981 and 54 per cent for 1982, especially as previous predictions had tended to be pessimistic.

About a third of the companies were involved in industrial and commercial heating and ventilating work as distinct from domestic heating (17 per cent), ductwork (10 per cent) and refrigeration-and-air conditioning (2 per cent).

Sick pay plan rejected by building employers

BY ERIC SHORT

THE FEDERATION of Master Builders has rejected the latest Government proposals for changes in the structure of sick pay, on the grounds that such proposals will add an extra long-term burden to employers.

In April, the Government proposed to transfer the responsibility for paying employees in the first eight weeks of illness or disability from the social security system to employers. Such a change would bring sick payments into the tax system—in line with the Government's policy—and save in administration costs and Civil Service jobs.

The main argument between the Government and employers has been over the method of compensation.

The Government has proposed four alternative methods of compensation varying from a straight reduction in the employers' National Insurance contribution rate to a partial offset of sickness claims against and a lower NI reduction.

The builders' federation reiterated the claims of employers for a full 100 per cent offset of sickness payments against their NI contribution bill. It claimed that any scheme which shifts responsibility for a Government task on to the backs of private industry must not penalise companies financially.

Delegates support reform of leadership poll

THE TUC general council was finally committed yesterday to producing proposals for its own reorganisation after congress decided to support a proposal replacing the current system of elections for general council members by one of automatic representation based on the size of unions.

The motion, proposed by the Post Office Engineering Union, was passed by 6.44m to 5.14m votes.

To a large extent this was because the Amalgamated Union of Engineering Workers —the second biggest affiliated union—this year reversed its previous policy and supported the proposal.

Mr Bryan Stanley, POEU general secretary, said it would be a fairer and more democratic method and would strengthen TUC representation.

The present system was "falling into disrepute" and did not relate to the way industry and employment had changed.

The motion was passed in the face of opposition from the general council, and from the Transport and General Workers' Union, the biggest affiliated union.

Mr Len Murray, TUC general secretary, said it was too important an issue to be carried by a narrow majority. The aim should be to produce a unity of opinion among unions over the issue rather than a division.

The success of the motion follows several years of attempts by some unions to alter the system of electing general council members and of the strong elements of patronage which have been built up around it.

It may also open the way for some Right-wing union officials to replace Left-wingers on the council.

The motion, seconded by the General and Municipal Workers Union—the third biggest TUC union—requests the general council to produce detailed proposals for next year's congress on the method of selecting general council members based on a number of specific principles.

These are:

● Automatic representation so that the changing industrial and commercial structure of the economy can be reflected in the general council's composition without the need for constant debate about selection procedures.

● Representation for unions on the following basis—one seat for unions with 100,000 to 499,999 votes; two seats for 500,000 to 749,999; three for 750,000 to 999,999; four for 1m to 1,499,999 and five seats for 1,500,000 and above.

● Representations for unions smaller than 100,000 based on these unions electing their own representatives from within their own number.

● Maintenance of seats for women workers.

STANLEY: Present system of election is falling into disrepute

Reports by
Christian Tyler
John Lloyd
Philip Bassett
Nick Garnett
Photographs by
Terry Kirk

● A timetable for the introduction of changes with the desirability of a transition period to overcome difficulties.

Unions in favour of the motion included the AUEW, the Association of Scientific, Technical and Managerial Staffs, the GMWU, the Civil and Public Services Associations, the National Union of Railwaymen and the Union of Communication Workers.

Those against included the TGWU, the National Union of Mineworkers, the print union Sogat, the National Union of Seamen and the Union of Shop, Distributive and Allied Workers.

An amendment from Tass, the engineering union's white-collar section, removed all the details from the POEU motion and simply called for proposals to be made to a consultative conference next year. It was defeated.

Mr Stanley said his union's proposals would enlarge the general council from the present 44 to 50 or 51.

The structure of industry had changed and the system of 18 trade groups did not reflect this.

Important unions in key areas were excluded from the general council and smaller groupings were represented on the council because of the support of large unions.

Seconding the motion Mr Ken Baker, of the GMWU, said the present method was unjustifiable and led to "grave anomalies."

He listed a number of medium-sized unions which were kept off the general council because of its structure.

At present congress did not decide the composition of the general council. "The nominees of the large unions get on automatically and those same large unions determine who else gets on.

Small unions were only there by the grace and favour of large unions — "a form of patronage which has sometimes in the past been blatantly exerted to the detriment of small unions and this congress."

Mr Eric Winterbottom of TASS said its was highly questionable whether existing anomalies justified major changes. The general council's structure should be looked at with careful consideration.

Under the POEU proposals 86 of the smaller unions would be in a "treble chance lottery" to secure one of the 11 seats.

He asked who would carry out tight membership audits and what would happen when the membership of individual unions declined.

Mr Don Winters of the National Union of Teachers also opposed the motion. He said some unions would find it virtually impossible to get onto the general council.

Automatic representation would mean that general council members would not have to face the ballot box. The present system emphasised accountability and the POEU proposals would drive a wedge between the unions.

Member of Militant seeks top post in civil service union

BY PHILIP BASSETT, LABOUR STAFF

LABOUR'S MILITANT tendency is about to make one of its most determined efforts to extend its influence in the trade union movement by attempting to capture the general secretaryship of Britain's largest civil service union.

The TUC is expected next week to notify affiliated unions of the forthcoming vacancy for the senior post in the Civil and Public Services Association after the retirement from the job next year of Mr Ken Thomas. Nominations will close three weeks after the announcement.

Under a rule change agreed at the CPSA conference earlier this year, the election will be by a "pithead style" ballot of the union's 216,000 members. The result will be known by the end of November.

The election will plunge the traditionally polarised union into a fresh round of bitter internal political conflict.

The Right-wing dominated CPSA executive is expected to endorse again the candidature of Mr Alastair Graham, the union's present deputy general secretary.

The executive may also issue an unprecedented recommendation urging members to support him. This will be opposed by the union's broad left, comprising members of Militant, the International Marxist Group, Left Labour groups, the Communist Party and others.

The Left has decided to field Mr John McCreadie, an assistant secretary of the CPSA, against Mr Graham.

Mr McCreadie has responsibility for the union's Civil Aviation Authority members and is a widely known supporter of the Labour Party's Militant tendency.

Other Left contenders were Mr Terry Adams, another CPSA assistant secretary and also a Militant supporter, and Mr Leslie Christie, the Left-wing assistant general secretary of the second largest civil service union, the Society of Civil and Public Servants.

Mr McCreadie, who will notify the union later this week of his decision to contest the election, will campaign directly against Mr Graham's policies.

He will argue for the enactment of conference decisions and a continuation of the union's increasingly militant line of recent years.

The Left is expected to attack Mr Graham's performance in the recent five-month civil service pay campaign, and what they believe are his plans to bring about biennial and smaller union conferences.

Mr Graham yesterday denied he had such plans and said he welcomed Mr McCreadie's candidature. He doubted whether the union's members would be likely to adopt as general secretary an avowed Militant supporter.

A possible third candidate, Mr John Ellis, another assistant secretary who enjoys clear Right-wing support, now seems unlikely to stand. His candidature could split the Right-wing vote and makes success for Mr McCreadie a more real possibility.

However, if defeated by Mr Graham, Mr McCreadie may well then stand for election to Mr Graham's former job, along with Mr Ellis and two other internal candidates, who might further divide traditional Left-Right voting.

Separate voting forms for the union's general treasurer's post will be distributed with the ballot papers for the general secretaryship.

The Right will be supporting Mr John Raywood, assistant general secretary and senior secretary with responsibility for the union's Post Office group, for this post.

The Left will not decide whether to endorse again Mr Terry Ainsworth, CPSA assistant secretary with responsibility for employment, until a broad left conference in Birmingham on October 10.

Both Left and Right in the union are anxious to see Mr Raywood moved from the Post Office group. Many feel the removal of Mr Raywood from his present job is the last chance the CPSA has of keeping the group within the union and preventing it joining the Post Office Engineering Union.

The Post Office group's executive has reversed its position on a federation with the POEU and a majority are now in favour, though a decision will not be taken until a special conference later this year.

Congress approves campaign against labour law changes

BY OUR LABOUR STAFF

THE TUC unanimously approved a campaign of vigorous opposition to further changes in labour law which Mr David Basnett, general secretary of the General and Municipal Workers' Union (GMWU), said would be "a question of industrial survival" for the trade union movement.

Congress endorsed a composite motion approved by the GMWU which demanded the earliest possible repeal of the Employment Act 1980, a campaign against the Government's Green Paper on trade union immunity and "the mobilisation of the movement to oppose vigorously any further legislation placing restrictions on trade unions."

Mr Basnett acknowledged that the campaign might well lead to industrial action—even if it laid the trade union movement open to the charge of pursuing such a strategy for political purposes.

He said: "All my life as a trade union official. I have considered that strike action should be confined to industrial objectives, and that political objectives should be pursued through the due political process.

"In normal circumstances, I still profoundly believe that that is the basis for a free trade union movement within a democratic society. But if this Government enacts the laws that its hawks are now demanding, we are no longer in normal political circumstances."

The Employment Act was "bad enough" although its full effect had not yet been felt. But the Government now proposed "nothing short of the emasculation of the trade union movement."

Adoption of proposals in the Green Paper would mean a complete reversal of the whole system of British industrial relations.

Legalistic intervention would replace voluntarism, he said; union funds and officials would be open to claims for damages; the definition of lawful industrial disputes would be so narrow as to make the whole range of traditional industrial action of dubious legality; the basis of the closed shop would be destroyed; and "withdrawal will have been open to industrial chaos."

Mr Brasnett said that the Government was "using the British legal system to change the balance of power within society. It is using the law as a straight political weapon."

Mr Bill Keys, chairman of the TUC's employment policy and organisation committee, told delegates that another consultative document was likely to be issued by the Government at the end of this month.

The paper is likely to examine further restrictions on the closed shop, and Mr Keys referred to the recent ruling of the European Court of Human Rights in the British Rail closed shop case. He said that, while in practice the case had so far had little effect, "it has lifted the morale of those shouting for more anti-union laws. Those people hostile to unions may well use the judgment to launch further attacks upon us."

Mr Tony Dubbins, assistant general secretary of the National Graphical Association, said that any legislation would not be likely to be taken up immediately.

However, when the economy picked up and trade unionists tried to make up for lost ground on pay and conditions, then the employers, supported by the Government, would use the legislation to deny trade unionists of their rights.

LOOKING FOR SUPPORT: Labour Party deputy leadership contender John Silkin outside the conference hall in Blackpool

Right reveals Labour Party 'hit list'

CONFIDENTIAL plans of a group of Right-wing unions to depose eight Left-wingers from the Labour Party's national executive committee at the party conference in three weeks' time were revealed yesterday.

A list of candidates agreed by the caucus at a meeting in London on August 25 has been sent to a number of trade union general secretaries. The unions have 6m votes to wield in choosing the union section and the women's section of the NEC.

The list was disclosed only hours after the secretary of the caucus, Mr Roy Grantham of the clerical workers' union Apex, was cleared of illegally canvassing for a similar sweep against the Left on the TUC general council.

There is nothing to suggest, however, that the second list is a breach of the Labour Party's rules.

The aim is to replace with moderates four Left-wingers in the 12-strong union section and three in the five-strong women's section.

The caucus also hopes to replace Mr Norman Atkinson, treasurer of the Labour Party, with Mr Eric Varley, Shadow Employment Secretary.

But the group is not challenging Mr Alex Kitson, chairman of the party, or Dame Judith Hart, vice-chairman, although both are on the Left.

In a covering letter from Apex headquarters, union leaders are asked to contact Apex or Mr Brian Stanley of the Post Office Engineering Union who is chairman of the group if they "foresaw any difficulties in supporting certain nominees on this list."

Asked about his group's plan yesterday, Mr Grantham said: "We intend to change the NEC and make it much more representative of ordinary trade unionists and Labour Party supporters in the country so it does not reflect merely the interests of a small coterie of Left-wingers.

"If we don't do that, the Labour Party is not going to win the next General Election."

The targets of the group are Mr Bernard Dix of Nupe, Mr Eric Clarke of the miners, Mr Doug Hoyle MP of ASTMS, and Mr Charlie Kelly of the building union UCATT. The group is promoting Mr Denis Howell MP of Apex, Mr Tom Breakell of the electricians, Mr Roy Evans of the steelworkers and Mr David Williams of the health service employees.

In the women's section it seeks to remove Mrs Margaret Beckett, Miss Joan Maynard and Mrs Rene Short. It is supporting Dr Shirley Summerskill, Miss Dian Hayter and Mrs Gwynneth Dunwoody to take their places.

The group is though to include the leaders of the engineering workers, the electricians and the railwaymen as well as Apex and the POEU.

Engineers threaten to occupy London plant

BY BRIAN GROOM, LABOUR STAFF

ENGINEERING shop stewards at a north-east London factory yesterday threatened a possible occupation and the establishment of a co-operative backed by the Left-controlled Greater London Council if their employer switches operations to Plymouth.

Staffa Products, a UK subsidiary of Brown and Sharpe of the U.S., is adamant it will close its Leyton plant, which employs 390, and expand an existing plant at Plymouth to employ about 300 workers with the aid of £3m-£4m in government grants.

The 228 members of the Amalgamated Union of Engineering Workers at Leyton are currently banning overtime as part of a campaign to force the company, which makes hydraulic motors, to consider the financial incentives the GLC could offer it to stay in London.

The engineers plan one-day token stoppages as a next step but if these fail will consider an occupation, shop stewards said yesterday at a press conference held jointly with the GLC at County Hall.

Mr Mike Ward, chairman of the council's employment committee, said the GLC could help a co-operative get off the ground by assisting it in buying its present premises or in moving to new ones, by providing research help on product development, or by putting up money for a feasibility study.

It was prepared to spend money either to persuade the company to stay or to support a co-operative as part of Labour's manifesto pledge to protect London jobs.

The company, which sells most of its products abroad, insists it needs the more efficient production processes planned for its new factory to combat world price competition which has eroded its profits.

Staffa had "virtually spent" the total of £8m-£9m it was investing in the Plymouth plant, Mr Ted Nailon, general manager, said yesterday. It was too late to change course. If the move was successful and the company was able to increase production it would eventually employ over 400 people.

The company is discussing redundancy terms and possible job transfers with white-collar staff represented by the Association of Scientific, Technical and Managerial Staff, but the shopfloor workers have refused to countenance the Leyton closure.

The GLC estimates the closure would reduce the number of engineering jobs in the borough of Waltham Forest by nearly a third, and would have even greater spin-off effects.

The run down of the Leyton plant will begin next month and will take until mid-1983. The first redundancies will take place shortly after Christmas.

Appeal for minimum

A SENIOR union leader launched a bitter attack on the unions' failure to secure a decent wage for 4.5m workers who receive below £80 a week—two-thirds of the average wage.

Mr Ron Keating, deputy general secretary of the National Union of Public Employees, called for a statutory national minimum wage to be brought in by a future Labour government.

Speaking to a TUC fringe meeting organised by Wageline, the organisation which campaigns against low wages, Mr Keating criticised free collective bargaining as a "miserable failure as far as low pay is concerned."

Mr Keating said unions could no longer tell the Government to keep out of wage determination. He said the Equal Pay Act, brought in by the Labour Government in the late 1960s, had done more for the low-paid than trade union action.

"It is humbug and hypocrisy on the part of the trade union movement to say we can do it ourselves."

A statutory minimum wage is Nupe's policy, but was defeated when moved at the TUC two years ago. However, other speakers at the Wageline meeting claimed it was gaining strength in the trade union movement.

Development programme

CONGRESS voted to support the TUC's development programme which Mr Len Murray, TUC general secretary, told delegates involved the need for continued interest and involvement from individual unions, and the need for the TUC to be flexible.

The programme consists of four main elements—a study of how the TUC can increase its resources during the 1980s with a view to making recommendations to next year's congress; developing existing work, including the extension of industry committees and reviewing regional organisations; pilot schemes on news activities and longer term studies on other issues.

FISHER: Talking to this Government is like trying to hold a conversation with the speaking clock

SIRS: Between 50,000 and 95,000 die as a direct result of smoking

Campaign against smoking backed

THE TUC yesterday banned smoking at congress and aprpoved a plan for a programme of education for its members on smoking's dangers to health.

The successful motion was proposed by Mr Bill Sirs, general secretary of the Iron and Steel Trades Confederation.

Mr Sirs told the delegates that between 50,000 and 95,000 people in the UK died every year prematurely as a direct effect of smoking.

Such deaths could be prevented and resulted from the exploitation of working people by tobacco companies who were not concerned how many people suffered from their products provided "there's plenty of profit in it."

He said 50m working days were lost to industry each year from smoking—about five times the number of days lost because of industrial disputes.

Mr Sirs acknowledged that the no smoking debates at congress over the last two years had become an annual joke. "Famous pipes and cigars are extinguished and behind them we see—eventually as the smoke lifts—the faces of the famous.

"Take a look at the people behind me. They are all pretty beautiful in their own way—and we want to see them."

He was sharply criticised for taking a "fanatical approach to anti-smoking" by Mr Doug Grieve, general secretary of the Tobacco Workers Union.

Delegates rejected the tobacco workers' amendment and carried Mr Sirs' motion.

White collar staff stage sit-in at Plessey factory

FINANCIAL TIMES REPORTER

WHITE COLLAR workers staged a partial occupation yesterday at the Plessey defence system electronics factory in the centre of Liverpool in protest at redundancy notices issued to 16 drawing office personnel.

They blocked the stairs leading to the upper floors and about 100 managerial staff spent the day in the canteen. Production by hourly paid workers was not affected.

The protest was staged by shop stewards of TASS, the white-collar branch of the engineering union, who claimed that many of the redundancies affected middle-aged employees with 15 years' service and little or no prospect of jobs elsewhere.

The future of the factory which makes units for the Defence Ministry and employs about 500 has been under review recently.

● Production was halted yesterday at the Ford car plant at Halewood, Liverpool, by a strike of 32 men in one section of the paint shop.

The production of some 300 Escorts worth £1.2m at retail prices, was lost because of the dispute which was over manning.

After the walkout the company had to lay off 300 men in the paint shop. Then 1,600 men stopped work in sympathy in the final assembly area. It was the first industrial dispute at Halewood for many months.

● Joint talks will be resumed in Liverpool on Thursday between the Port Employers' Association and the transport workers' union on the prolonged negotiations over the annual pay award to the 3,500 dockers on the Mersey.

The talks now in their 20th week, are deadlocked over the employers' insistence on stringent changes in working practices to make the package deal self financing.

The 12-man negotiating team met for three hours yesterday

'We'll teach Thatcher's bullies a lesson'

THE PRESENT "bullying" Government was intent on driving the country further into the wilderness, but there was no "promised land" at the end of the road it had chosen, Mr Alan Fisher, TUC president told congress.

"The only consolation is that the monster that is unemployment will, without a doubt, destroy those who have nurtured and encouraged its growth," Mr Fisher said in his opening address to the 113th annual congress.

Mr Fisher told delegates he looked back on the last year with "a deep sense of sadness, of anger and frustration.

"Never before has there been such a rapid, savage and dramatic destruction of jobs."

In spite of the seriousness of the problems facing the nation, the unions were faced more than ever before with a government that would not listen.

It was "mesmerised by the mirage of a mandate which exists only in its own imagination.

"Their only response to arguments is to repeat—parrot fashion—those outworn phrases they first picked up from Milton Friedman," said Mr Fisher.

"Talking to this Government is like trying to hold a conversation with the speaking clock. Indeed it is worse, because—unlike Margaret and Geoffrey who seem to get everything wrong—at least TIM tells you the right time."

On public sector pay, Mr Fisher said the Government, originally committed to free collective bargaining, had resorted to bullying. It had used cash limits and gone back on binding commitments.

It had broken its promises to its own employees, Mr Fisher said. "But I must warn them that they are not there for ever and when the day comes and the polling booths are opened they will find themselves jilted by the British people."

Mr Fisher, general secretary of the National Union of Public Employees, made no reference to a disagreement this year between his union and other unions over one of this year's motions.

Nupe has refused to withdraw a motion calling for a campaign of industrial action among public sector unions despite TUC attempts to forge a composite which would commit the TUC to a campaign by public service workers, excluding such groups as miners and electricity supply workers.

Instead Mr Fisher said that never before had the public sector unions been so united, "so willing to act together.

Public sector unions would rise up to teach "the bully" a lesson. The Government and Confederation of British Industry may seek to divide the unions but the effect was to bind them even closer together.

The Government was attempting to destroy local democracy by the use of a financial strait-jacket.

"But there is growing evidence that councils are prepared to fight back and we must applaud the stand that has already been taken by those local authorities who have refused to say 'me Jane' when the Environment Secretary has said 'me Tarzan'."

Low pay was not only a curse in the public services, it spread its "malignant influence" into other areas, Mr Fisher told delegates.

The trade union movement has to tackle this problem if it was to achieve a redistribution of income and wealth.

There was an alternative to present policies, and much of that alternative was included in the TUC's Plan for Growth economic review.

The unions were also working closely with the Labour Party to develop specific policies for tackling the problems which will face a Labour Government when it comes to pick up the pieces left by the "orgy of destruction which has passed for economic policy since May 1979."

The unions could not neglect the development of policies simply because the Government would not listen. The work of the TUC and unions must continue and must involve young people.

The TUC's review of its structure and services set out a framework in which the unions could meet the needs of their members in changing circumstances.

Mr Fisher recognised the unions' already limited resources had diminished. "But we must not be driven—like the Government we criticise—into an obsession with money and a blindness where there should be a vision of future needs." Mr Fisher said.

TECHNOLOGY

EDITED BY ALAN CANE

How to search and find under the North Sea

BY GEOFFREY CHARLISH

"IT'S RATHER like trying to find a specific stone in one of the walls of St Paul's on a windy, rainy night, dangling from a rope and with only a hand-torch to see with."

Such are the problems of inspection and engineering under the North Sea, according to Tom Harris, project officer at Racal-Decca Survey, Leatherhead, where a team has just developed an ultrasound position-finding system called LAUNS.

LAUNS stands for "remote area underwater navigation system" and it allows a ship, remote-controlled vehicle (RCV) or a diver to return to the same spot within a 500 metre radius of an oil or gas platform with an accuracy or plus or minus 2 metres.

A further development soon to be announced is expected to improve this accuracy to a few centimetres.

There is a statutory requirement for such inspection. In the UK sector of the North Sea the full-submerged area of each platform has to be looked at every five years to obtain the necessary certificate to continue operating.

In practice, many operators use this as a minimum requirement and it is in their own interests to undertake inspection on a far more regular basis.

This subsea inspection market in the UK North Sea sector alone will be worth more than £50m a year by the end of this decade, according to Harris.

The task is two-fold: initially finding the problem, which might be anything from a small crack to an area of corrosion, and then marking it permanently so that divers may return with ease.

The artist's impression shows how any number of craft or divers can use the Racal-Decca permanent installation from the platform

The first is purely visual. An RCV with television is lowered and follows a pre-arranged scanning inspection plan. However, having once found an area of interest, in view of the cost and time involved, the need arises to be able to return directly to the same point with good repeatability, without having to visually re-locate.

Racal-Decca's answer is to providea permanent installation on the platform, permanently calibrated, allowing any number of appropriately equipped craft or divers to use the system.

LAUNS is based on a ring of up to 10 sonar transmitters placed around the platform at distances of a few hundred metres. Each of these generators emits a different ultrasonic frequency and is connected by armoured cable back to the platform control centre. From this centre the transmitters can be made to emit synchronised pulses once every second.

They are used to set up the same kind of hyperbolic grid line pattern produced by surface radio location systems, resulting from the variable time of arrival of the signals from two or more transmitters.

In this acoustic system however, the dispositions of the sea-bed units is such that there is always a direct line of sight to at least five of them. The result is a much higher degree of assurance of the resulting fix.

Ships using the system will be equipped with a hull-mounted receiving transducer connected to on-board electronics that allow the ship to derive its grid position accurately and continuously.

For underwater work, an RCV for example would be fitted with similar equipment and would pass the received signals to the support surface craft.

There, the underwater vehicle position is displayed in both plan and elevation relative to the ship and the platform. In addition, a four colour plotter will track the path of four submerged vehicles or divers, allowing them all to operate simultaneously and safely.

Changes in water temperature, current and other sea characteristics that affect accuracy are taken account of automatically using monitor hydrophones.

The varying speed of sound through the water is registered by the electronics in the platform control centre, and the data is sent by the radio to the support vessels' computers.

The whole LAUNS system continuously calibrates itself and in effect sets up a grid co-ordinate system relative to a known point on the platform in X, Y and Z axes, where Z is the depth.

In the St Paul's analogy, these lines would be rather like a scaffolding erected around the entire structure, with each intersection bearing an illuminated reference number.

Miniaturised equipment has been developed for the use of the individual diver, connected to the surface by his umbilical.

Transducer, electronics and display are mounted in a small cylinder which the diver can hold in front of him. This unit also receives the pulses from the sea-bed units and relays data to the surface where it is processed to show the diver's position in the water.

To direct the diver, the surface superviser first keys in the previously determined grid co-ordinates of the target position. Then, the equipment calculates different co-ordinates which are sent down to the diver's unit where they appear on a simple directional and depth display.

He sees distance to go, depth to maintain and direction in which to swim, the object being simply to reduce the two readings to zero and make the directional arrows vanish.

Obstacles in the water are no problem. The diver simply moves round them and then starts off on a new course and depth according to the display.

It is also possible to mount this particular unit in a remote controlled vehicle to allow the pilot to keep his vehicle on a prescribed track or search pattern. Thus, Racal-Decca believes that the "enormous strain and concentration the control of these machines entails will be erased."

..POINTERS..

Metal cracks detector

DETECTING CRACKS in metal components can be simple and efficient with the "Crackseeker," says K. S. Paul Products, Nobel Road, Eley Estate, London N18 (01-807 5566).

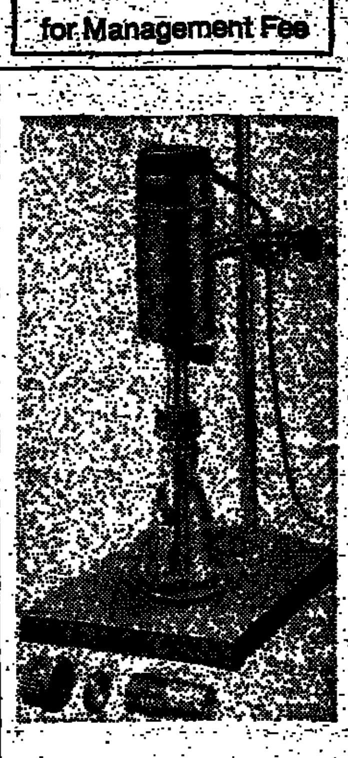
This system comprises a three tin aerosol package, said to be suitable for use when checking welds and stressed machine parts, clearly pinpointing any flaw in a manufactured part before or after welding and machining. It will also seek out the presence of a flaw in a casting or forging.

First principle is to spray on a solvent cleaner to remove oil and dirt. This is followed by applying a coat of penetrant from the second aerosol and, after about 10 or 15 minutes—when a flaw may have been searched out—the surface is again wiped clean and a thin developer applied.

Should there be a crack or flaw, it will immediately show up and be clearly defined in red—a result of the penetrant having worked its way into the flaw and subsequently reacting to the developer.

Magnetic instrument mats an aid for surgeons

MAGNETIC mats from Horstman Medical and Laboratory Equipment of Bath are claimed to make the handling of needles and instruments safer and easier during surgery. The instrument mat is flexible and can be placed across the patient adjacent to the operating area. Mr. Rodney Croft, consultant surgeon at the North Middlesex Hospital, helped with the design. More from Les Thomas, 0225 21141



Sartorius balance

SARTORIUS INSTRUMENTS, Avenue Road, Belmont, Surrey (01-642 8691) claims that its new model 2004 MP6 balance is three instruments in one. The company says that it offers everything that could be expected from a fully automatic microprocessor controlled knifeless balance with a number of features not available on other semi-micro instruments.

Engineers' language

"CREOL" (control engineer oriented language) is the name of an advanced computer software designed in Britain and introduced by General Automation to meet the needs of the modern process engineer.

The user display and set-up system allows the engineer to monitor and modify all raw plant signals as well as initiate and interact with the many functions carried out by the computer, says General Automation.

As a task language, CREOL enables the engineer to specify his monitoring and signal processing requirements, control systems, logic sequences, instrumentation displays, logging and communications and the methods by which the plant operators can interact with and make full use of the equipment.

General Automation is on 04446 43421.

Video terminal

LATEST VIDEO terminal from Digital Equipment of Reading, the VT125, can display pictures and shapes, plotted trend lines, bar charts, pie charts, point-plot graphs and continuous data plots.

It is aimed at business, laboratory and scientific graphics applications. Existing users of DEC's VT100 and VT105 terminals can buy an upgrade kit to convert to the higher performance VT125. More on 0734 868711.

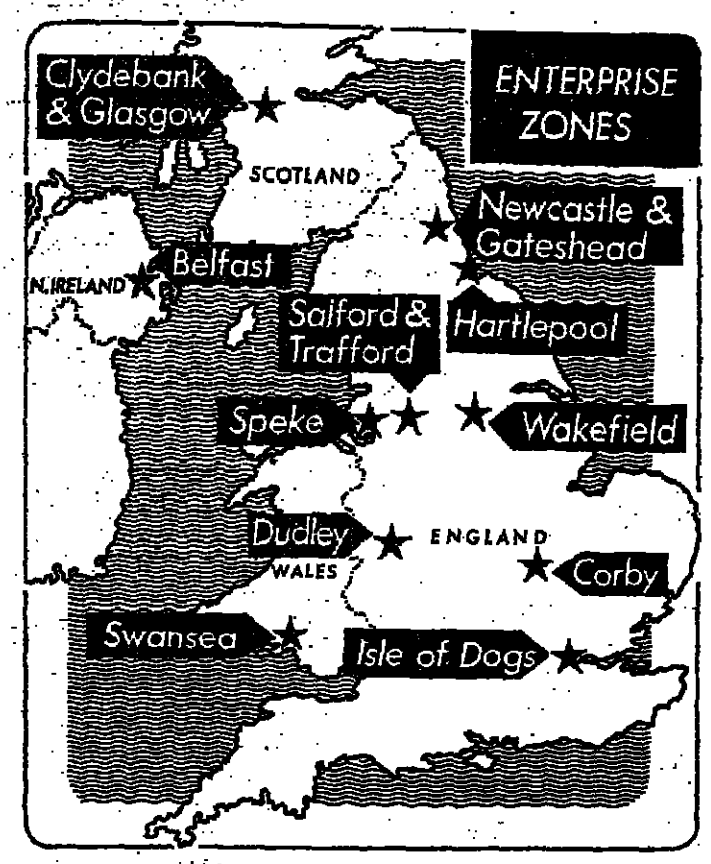
Allen boiler

ALLEN YGNIS of Tipton in the West Midlands is producing the first in a series of coal fired hot water boilers to add to its existing range.

Designated the Black Prince, it is a 2m BTU per hour unit. Allen Ygnis says that the boiler is in operation at its test house and available for demonstration. Inquiries to 021 557 3977.

FINANCIAL TIMES SURVEY

Tuesday September 8 1981



Enterprise Zones

Tomorrow, September 9, the Department of the Environment's Enterprise Zones exhibition opens at Centre Point, in London. Despite delays, criticism and opposition, only three zones have yet to come into operation out of a total of 11 and Sir Geoffrey Howe's experiment is almost under way.

THE ZONES AND THEIR SCOPE

	Acres	Retailing limit (maximum in sq ft for automatic permission)	Date of coming into operation*
Belfast	510	13,500, but retailing permitted only along specified main roads	Oct (est.)
Clydebank†	470	Zero for food and clothing; 3,600 otherwise	Aug 3
Glasgow	100	Zero for food and clothing; 3,600 otherwise	Aug 18
Corby	280	2,000 for food and drink only; no limit otherwise	June 22
Dudley	540	22,500 for food, drink and clothing; no limit otherwise	July 10
Hartlepool	270	2,250 for food, drink and tobacco; 2,000 otherwise	Oct 16 (est.)
Isle of Dogs	c.350† (proposed)	5,000	early '82 (est.)
Newcastle/	220†	2,250 for food, drink and tobacco; 3,000 otherwise	Aug 25
Gateshead	900†	2,250 for food, drink and tobacco; no limit otherwise	Aug 25
Salford/	430	13,500	Aug 12
Trafford	440	13,500	Aug 12
Speke (Liverpool)	340	13,500	Aug 25
Swansea	735	37,250	June 11
Wakefield	140	No limit	July 31

* 1981 except where stated otherwise. † Net of water-covered areas.

Time is now the main factor

By Anthony Moreton
Regional Affairs Editor

WITH THE coming into operation of the enterprise zone at Speke in Liverpool and the combined one at Newcastle and Gateshead on August 25 last, Sir Geoffrey Howe, Chancellor of the Exchequer, is three-quarters of the way towards seeing a personal political ambition achieved.

Some two years before he moved into 11 Downing Street, and while still the Shadow Chancellor, he floated the idea of an enterprise zone in a now-famous speech in the Isle of Dogs in London. His idea then was that areas should be created in which planning regulations would either be abolished or kept to an absolute minimum, taxes also kept to a minimum some financial incentives given and decision-making by the local authorities speeded up.

Sir Geoffrey kept to his word when he moved into office and he announced that enterprise zones were to be set up in his Budget speech of 1980. It is a little ironical, though, that having chosen the Isle of Dogs as one of the 11 sites in the UK this should turn out to be the last that will come into operation.

The Isle of Dogs zone is within the boundaries of the Dockland Development Corporation and the delays in bringing the latter into existence have necessarily delayed the introduction of the zone. It is now expected that this zone will be operational in the early months of next year.

There are now only two other zones still to come into operation—Hartlepool and Belfast—hence Sir Geoffrey's satisfaction. Swansea became the first to open its doors—on June 11 last—and it was followed by Corby, Dudley, Wakefield, Clydebank/Glasgow and Salford/Trafford, with Speke and Newcastle/Gateshead completing the list a fortnight ago.

It was clear from the start that enterprise zones as a concept would be welcomed by local authorities, a fact which perhaps caught the Government a little by surprise. About 25 authorities applied to the Department of the Environment for consideration and the Government revised its original list of seven twice before bringing the total up to 11.

Although the zones have never been seen as part of regional policy — their remit being to encourage the restoration of derelict areas through the infusion of private capital—there was a certain amount of regional thinking in the choice of sites.

Regional balance

Scotland, Wales and Northern Ireland were therefore all included; and when it appeared that some parts of the country were not adequately represented, later additions such as Dudley and Wakefield took regional policy — their task account.

There might even have been more but the Government was conscious that enterprise zones were an experiment and the cost unpredictable. Consequently it kept the number to manageable limits. But there is no doubt that if they succeed and if financial resources allow it this Government would be prepared to see their number increased.

The need for financial control was also behind the eventual size of the areas concerned. When Sir Geoffrey launched them on their way he was talking about areas of around 500 to 700 acres each. He clearly thought that the loss of rate income, for which the Government is compensating local councils, would not be too much in an area this size.

Some developers believe that initial funding will have to be undertaken with short-term bank finance and the institutions approached after rent-rolls can be assessed.

Certainly some of the opposition to the zones which was expressed by the estate agent world seems to be disappearing. While many of the bigger names have been holding back, other, more localised, agents have been pressing ahead with developments; this augurs well for the future.

What has to be remembered, as Mr Tom King, Minister of State for Local Government, continually points out, is that enterprise zones are an experiment and that it would be foolish to write off the experiment within a couple of months of the start of operations. What enterprise zones need is time—time to settle down and see if they can produce the results that Sir Geoffrey Howe is convinced a laisser-faire approach should.

A boost in the move away from steel

Corby
ARTHUR SMITH

CORBY, the first English Enterprise Zone to be declared on June 22 already claims to have takers for a quarter of the 280 acres designated.

Mr Fred McClenaghan, the man charged with finding new jobs for the town where unemployment has shot up from 8 per cent to 22 per cent in little more than 12 months is not daunted. He exudes confidence, as he confesses he must. "Things were already starting to happen. The Enterprise Zone means they will hapen more quickly."

For the man on the dole, and Corby has more than 7,000 jobless the outlook is bleak. Mr McClenaghan is optimistic the main problem can be overcome by 1985.

Corby, a village in rural Northamptonshire, has only grown to a population of 52,000 because of the steel industry and has suffered from the vicissitudes of that industry. Throughout Corby's expansion there have been efforts to reduce dependence on steel and attract new industry—Corby was designated a new town in 1950 and a development corporation set up to seek a more balanced economy, but the blow that had always been feared came last year when British Steel Corporation made 5,500 workers redundant.

The Corby District Council and the New Towns Commission which had succeeded the Development Corporation jointly funded an industrial development centre headed by Mr McClenaghan. In the past 18 months 75 new companies have been attracted and these could provide up to 3,500 extra jobs.

Mr McClenaghan points out that on average the companies currently employ less than 50 people and the full jobs potential will not be realised until the economy picks up.

The success in recruitment is the more significant, however, to the extent that many of the companies are in the manufacturing sector where competition is keenest for what little mobile industry is available. The vast majority of newcomers have been recruited from outside the Corby area, particularly from the Midlands and the South.

BXL, producing plastic extrusions, is moving into a 40,000 sq ft factory within the Enterprise Zone and may employ up to 250 workers. RHM Ingredient Supplies is taking a similar sized property.

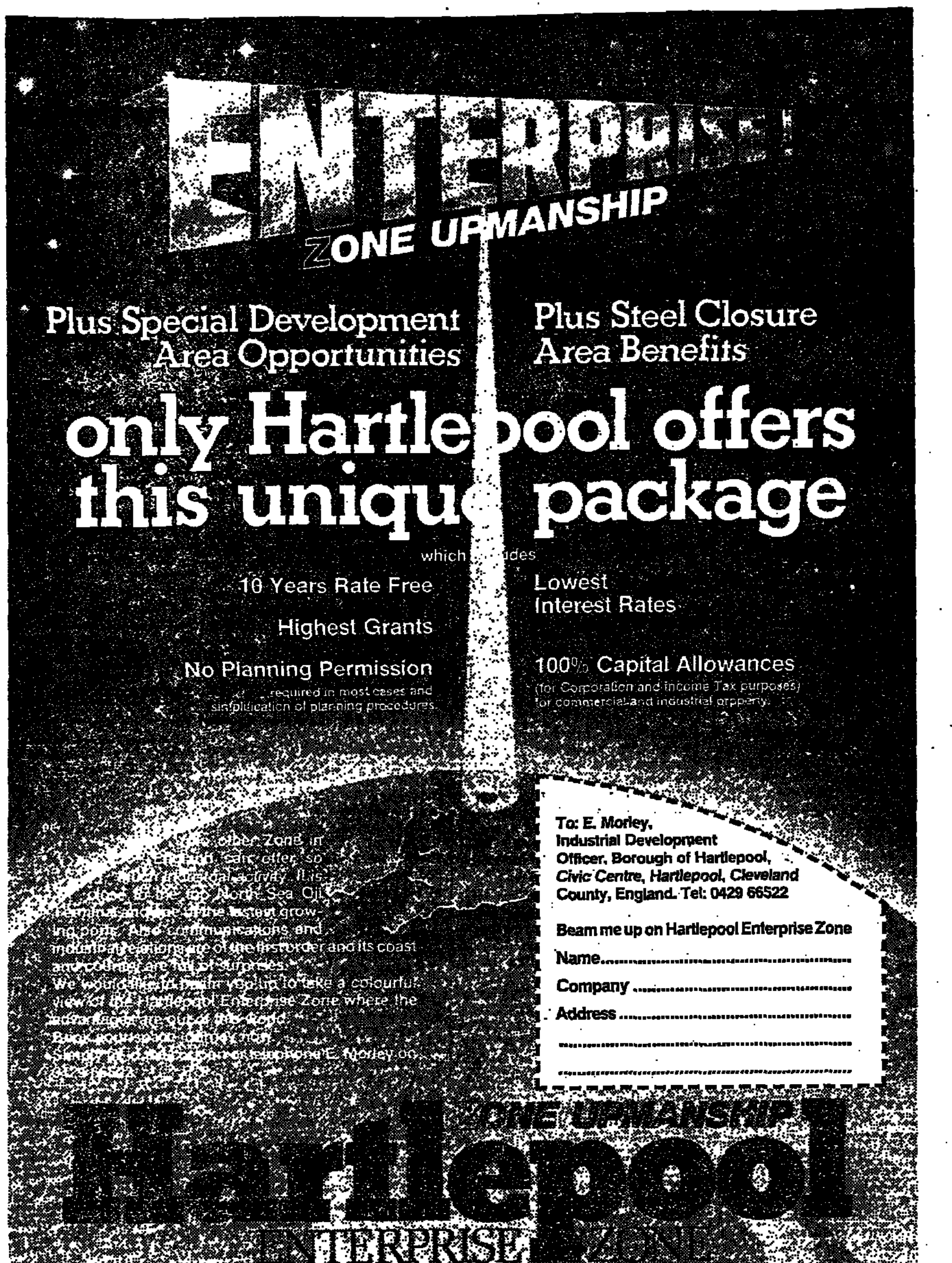
But probably the biggest boost to the Enterprise Zone is the decision by Associated British Foods to invest £15m in a flour mill—"the first inland mill built in Britain in living memory," according to Mr Garry Weston, the ABF chairman. The company is already building a £10m plant at Corby for the production of gluten and starch from wheat.

To some extent the benefits of an Enterprise Zone are marginal to Corby which already enjoys development area status and the consequent financial support from Common Market funds.

The 280 acres designated are predominantly agricultural. Many were under barley just 12 months ago, but by the end of this year most will be ready for use by industry.

The New Towns Commission is already building 300,000 sq ft of factories offering accommodation between 1,500 and 4,000 sq ft. Private developers are also showing an interest. Bradbury Construction of Nottingham, for example, has taken a 2 acre site for speculative factory building.

Mr McClenaghan reports the level of inquiries from companies is "many times higher than 12 months ago." He maintains it is impossible to say to what extent that is due to classification as an Enterprise Zone. "But what is clear is that Corby is firmly on the map and will be considered by any company looking for a site for industrial development."



Added impetus to new and smaller industry

SCOTLAND'S Enterprise Zone in Clydebank has made a promising start to generate new life in one of the country's industrial graveyards.

This has involved a flexible interpretation of the Government's concept of enterprise zones, adding a strong element of official promotional push to projects which the Government hoped would start up fairly spontaneously.

Here in Clydebank dockyards the great ocean liners were built. Under the huge clock of the Singer Sewing Machine works some 15,000 people once worked and trucks rolled off the repair works line in Albion.

Now they are all gone and Clydebank has recently become nearly synonymous with bitter industrial decay. Unemployment is approaching the 20 per cent mark.

In 1979 the Singer works closed. The loss led directly to the creation of the Clydebank Task Force, an arm of the Scottish Development Agency which purchased the Singer site and set to work at recreating jobs and industry. The Enterprise Zone was grafted on to the Task Force structure giving it an additional impetus.

Although the 11 Enterprise Zones in Britain are not part of British regional policy, Clydebank is very much part of a co-ordinated Scottish Development programme. It fits in well with the gradual shift of attention back to the deprived inner cities following a decade when industrial planners concentrated on creating new areas of growth and employment outside the main urban centres — mostly in Scotland's five new towns.

The scope of Clydebank's development also corresponds to the general trend towards the growth of smaller companies in Scotland — companies employing less than 200 people.

The growth of small enterprises in the zones, it is hoped, will introduce a new diversification of industry in an area which was nearly a one industry town around the Singer works. Planners feel that this will spread the load in both development and failure and protect the area against the impact of further big closures.

Another important development linked to Clydebank is the deliberate shift from the promotion of strictly new manufacturing growth to promoting service industries as well. About one quarter of the development in Clydebank is commercial compared with over half which is manufacturing. In the past, service industries have not been considered good job creators and have not been actively encouraged like this.

In fact, to take advantage of the financial incentives in Clydebank, it can be more profitable to set up an office block than to build a factory.

Mr Stuart Gulliver, head of the Task Force, sees the development of the zone as correcting in imbalance in the area and bringing in a mix of service industries to complement manufacturing concerns.

Mr Gulliver also argues against criticism that the Enterprise Zones tend to leave the peripheral area surrounding them at a disadvantage. Clydebank is so much part of the Glasgow area—the cities overlap considerably and the Enterprise Zone includes two small areas of Glasgow City—that he sees it as having a beneficial spin-off generating wealth outwards.

His view is shared by Clydebank District Provost Mr Jim McKendrick who says that many of the workers in Clydebank commute from adjacent Glasgow taking their earnings back home. "This is not an island. It is not just local labour in this zone." Mr McKendrick adds.

Clydebank

MARK MEREDITH

A signal that the tide might be turning has come for large firms outside the zone. Orders worth £150m have been won by John Brown Engineering in gas turbine export orders and the UIT company of Cherbourg at the former Marathon yard has also completed new oil rig orders.

The industrial prospect of the zone is well below developments on these scales. Some 45 companies have moved into the zone and 750 jobs will eventually be created. Twenty-two of the 45 are new tenants of the Scottish Development Agency and the other 23 are plants which are expanding. Some of them for the first time in this area.

Only four of the companies moving in are from the Glasgow area itself and the Task Force argues that there will be few bounty hunters profiting from the tax relief advantages because of the general cost of re-location and the ability of the Task Force to monitor the credentials of new applicants. Bounty-hunters could still move into land being developed in the private sector with less scrutiny, officials concede.

About 400,000 square feet of office space is being rehabilitated by the Task Force at the Singer site and elsewhere while over 1m square feet is being newly built at the zone's seven enterprise sites. An additional 400,000 square feet of existing industrial and commercial accommodation offered by private developers has been re-occupied over the past year.

Much of Clydebank looks like a bomb site as the final stages of the demolition phase are reached. Many of the larger multi-storey buildings of the Singer complex have been levelled and the area is now called the Clydebank Business Park.

The Scottish Development Agency is anxious for rapid development of the site and has earmarked £6.7m for a three year development programme. About £3.2m has been spent on demolition, new roads, services, civil engineering and basic landscaping at the Singer site. Business accommodation is also under development by Clydebank District Council.

One showcase tenant at the zone's new Dalmuir Estate is Anderson and Finch, a central heating fabrication and installation concern which first thought it would employ about 8 to 72 people and now has 41 on the payroll and is looking for bigger premises. The company, which has a turnover of £750,000, chose the site about a year ago because of the prospects of Clydebank becoming an Enterprise Zone.

The unique quality of the Enterprise Zones is their tax relief. An incoming developer can have total freedom from rates and, for both industrial and commercial projects, a 100 per cent capital allowance on building works.

This was the basic deregulatory mechanism which the government hoped would allow private business to get organised and moving without red tape. But officials in Scotland realise the need for a bit of an organised leg-up for business as well.

Companies can also qualify for financial incentives common to other development areas in Scotland. These are regional development grants, selective assistance and possible loans on favourable terms from the Scottish Development Agency.

A strong plus for Clydebank is its communications. Six railway stations on two railway lines link the city with Glasgow's two main stations. The airport is only five miles away and Clydebank has its own Rothsay Dock operated by the Clyde Port Authority. Clydebank is also linked into the Glasgow motorway network.

The area offers a local workforce of 24,000 out of its 54,000 population but the good communications really stretch the worker catchment area to 570,800 people.

The image of the red Clyde as an area of stormy industrial relations has worn thin enough so as not to worry Provost McKendrick or the Clydebank authorities. Local firms had excellent labour relations and unions in the area, he said, and had reacted responsibly even to the big closures which had such a devastating effect on the area's employment.

The combination of a Government blessing, an encouraging response from local government and population and the flexible shove mechanism which the Task Force, through the Scottish Development Agency, can give to new business has given Clydebank officials confidence enough to feel they can compete.

Last but wise from others' mistakes

IN THE RACE for the designation of Enterprise Zones, the Isle of Dogs has been sadly left behind. Mr Peter Turlik, chief manager for the zone, is crossing his fingers that lift-off will be by February at the latest, making it the last to come into operation.

After a history of disappointments and delays, Parliament approved the establishment of the zone's parent, the London Dockland Development Corporation (LDDC), on July 1. On the same day, the corporation received 160 acres in the zone from the Port of London Authority. Out of the remaining 190 acres, 120 are water, 20 is Central Electricity Generating Board (CEGB) land, around Brunswick wharf and a power station, and 50 in the Poplar High Street area belong to British Rail.

It is uncertainty over these 70 acres which may yet delay the arrival of the Minister's letter of invitation as the Department of Environment will not give its approval of proposals for the zone without a definite boundary—without which other work on the zone, such as provision of roads and services, cannot go forward. However, the CEGB and BR have still to give letters of undertaking that the land will become available, without provisos, within the 10-year life of the zone.

Mr Turlik stressed the importance of the corporation's control, by ownership, of the land's development but "only in the sense of maintaining a

Isle of Dogs

CATHERINE DARBY

form of quality control in the positioning and types of units in the zone." He said this policy was the benefit of the Isle of Dog's tardiness as the zone has learned from the experience of other areas.

Two other policies have been based on fellow zones' experiences. One is the boundary designation, which excludes existing industries from the zone. This move has caused bad feeling among local companies which feel the corporation and the DoE have discriminated against them. The DoE, however, is unwilling to sponsor any industries which are lame ducks.

The second policy, unpopular with the Labour-controlled local authorities of Tower Hamlets and Newham, is that of the corporation's total planning control—the zone became its own planning authority on September 1.

The design plans mean all the docks will remain. This is mainly for economic reasons (it would cost up to £300,000 to fill in one acre, adding to the overheads of any building constructed on it) but also because of the time needed to allow the land to settle (around five years before building could start) and for their unique attraction—structuring the buildings around them, for example, to the water's edge.

The value of the water-covered areas to the zone's environment is in their appeal to the type of industries the corporation hopes to attract: high-technology, employment-intensive companies, such as research and development companies wanting to be close to London without paying London prices.

There are plans to provide housing for their employees outside the zone in the corporation's development area. With an 80,000 sq ft Asda superstore under construction next to the zone, it is felt no more than 5,000 sq ft of gross retailing space need be made available to any unit encouraging small shops and wine bars in the zone itself.

It is no surprise that the relatively prosperous South-East's only EZ has attracted a lot of interest over the past year—up to 250 inquiries in that time—even though the draft proposals have yet to be confirmed. The zone is under three miles from the city. A decision on plans for a rapid transit system link to Fenchurch Street is to be made by the end of the year, and work on the North Dockland relief road at the neck of the Isle is to start in late 1982. Prime access to city and ports and a corporation determined to maintain a high standard of planning could mean there's life in the old Dogs yet.

Employment hopes from zone's success

IN JUST a month's time an Enterprise Zone is to be launched in a North East town with probably the most intractable unemployment problem in Britain. Although the Hartlepool zone will be one of the smaller schemes it is regarded as one of the biggest tests of the whole Enterprise Zone experiment.

For virtually as long as anyone can remember Hartlepool has been in the intensive care ward, but successive governments have failed to arrest rising unemployment. Today one man in four is on the dole and, with further heavy redundancies in British Shipbuilders and the British Steel Corporation in the pipeline, the situation is set to deteriorate.

Sir Geoffrey Howe's announcement of the Enterprise Zone experiment 18 months ago was treated at first with considerable scepticism which in the case of some local Labour councillors and trade union officials, bordered on opposition.

But as the months passed the scepticism turned to concern that Hartlepool, which was not one of the areas originally designated, could lose out. Finally, a vigorous, if belated campaign for an Enterprise Zone proved successful in June.

There is now considerable enthusiasm for the experiment within the town with virtually the only criticism being that the government has only designated a 265-acre site rather than the 550-acres proposed in the council's submission.

The scaling down of the application has resulted in a rather unusual situation where the Enterprise Zone is split into three separate areas.

Around 25 businesses are located in the designated area but most are very small and the largest, Supaflo Engineering, employs only 80 people.

Existing firms outside the zone have been naturally dismayed at the scaling down and 1981 Queens Award winner Foster Wheeler Car Products, just a few yards from the boundary, have run something of a campaign to be included. But now the company seems to accept that the council's hands

Hartlepool

JAMES MULRENAN

are tied and the government is unlikely to extend the designated area.

The town which has faced so many disappointments in the past, has pinned a great deal of its hopes on the success of the Enterprise Zone and set an ambitious, some would even say unrealistic, target of 4,500 new jobs, within three years.

The optimism stems from the fact that Hartlepool will be the only English town trebly blessed with an Enterprise Zone, special development status and is a steel-closure area.

Hartlepool, where people still talk about the hanging of a monkey as a French spy during the Napoleonic Wars, is to launch a major publicity campaign based on the threefold incentive package they can offer mobile industry.

Although most of the red tape of council bureaucracy has been eliminated in the zones councils still have residual powers which Hartlepool hopes to use to encourage light manufacturing—particularly electronics and precision engineering, which it considers are the industries most likely to provide substantial numbers of secure jobs.

Hartlepool particularly hopes to avoid a substantial proportion of its Enterprise Zone being occupied by superstores or warehouses.

Hartlepool's troubled past—its problems date back to the closure of its shipyard followed by the shutdown of its steelworks and redundancies in other major employers, like Thorn and GEC—gives the Enterprise Zone a legacy of empty factories and vacant industrial sites. There are some 78 empty factories ranging in size from small workshops to the former Thorn factory which covers 111,000 sq ft currently available.

Advance factories are also being built by both the English Industrial Estates Corporation and a private developer, and BSC (Industry) the Steel Corporation's job-hunting agency, is active in providing workshops and small start-up units.

Although the Hartlepool enterprise zone has been rather a rush job there has already been a more than doubling of industrial inquiries, and two firms—a furniture manufacturer and an electrical cable company—are already in the process of moving to new factories in the zone.

The town is also on the verge of a deal with a major chemical engineering firm and an American multinational which is looking to Hartlepool to manufacture a new technology product so confidential it will not even reveal its nature to the council.

The first away with a fast response

Swansea

ROBIN REEVES

SWANSEA HAS embraced the Government's initiative on *Enterprise Zones* (EZ) with enthusiasm. After hearing Sir *Geoffrey Howe's original* proposals in the 1980 budget, the City Council both persuaded the Government to extend the *designated* area in the Lower Swansea Valley substantially — *it now extends to 735 acres* — and completed the administrative formalities more quickly than any other local authority. Last June, Swansea became the first EZ in the country to be *given* the parliamentary go-ahead.

The Swansea enterprise zone is the only one in Wales and, for that matter, in south-west Britain. It also has an advantage over many other designated zones of not being sited in a relatively congested inner city area with difficult access.

It lies to the north-east of the city, at the geographical centre of the larger, more scattered conurbation which stretches from Port Talbot in the east to Llanelli in the west, sometimes dubbed Swansea Bay City. It enjoys easy access to a motorway (the M4), the mainline railway facilities at Swansea and the city's port, which has conference services to many parts of the world.

Swansea was also able to get its Enterprise Zone off the ground quickly because a majority of the land involved is either owned by the City Council itself or by the Land Authority for Wales, a statutory body charged with preparing sites for private development.

Development of industrial nursery units by the local authority was already underway in the zone area when the Chancellor's initial announcement was made. The stock of immediately available premises was further boosted when the Government agreed eventually to include a speculative private industry estate under construction on its western border inside the zone.

In keeping with the spirit of the EZ experiment, administrative procedures for handling applications for premises or sites have been kept to a minimum. Early on, the Council established a four-man committee with fully delegated land and planning powers to process applications.

Even before Designation day (June 11), Swansea had received nearly 300 inquiries from potential investors in the zone—businesses ranging from a foundry to a restaurant. By D-day itself, 38 companies had concluded terms and were either trading or preparing to do so. Since then, boosted by the considerable publicity surrounding EZs, inquiries have flowed in at a rate of more than one a day and they are being translated into firm deals for either land or premises at the rate of one a week. Disposals so far account for some 13 acres of the zone.

The majority of inquiries are for businesses in the services sector—that is, for distribution and wholesale use. Although there were no less than 14 inquiries about possible superstore developments before D-day, to date none has been followed up. The first furniture retailer has moved in, however, and agreements are in *the* process of being concluded for a number of other retail *developments of less than 20,000* sq ft.

Enterprise Zone proponents hope that it will also generate a *significant* proportion of new manufacturing ventures. So far, *there are no more than seven* at Swansea, or about 25 per cent *of the incoming businesses;* arguably a reasonable proportion, *given that this is about* the percentage share of manufacturing jobs in the economy nationally.

There are two other factors, moreover, which are likely to encourage a bias towards the service sector. One is simply that the Swansea zone is adeally located as a distribution centre, not just for the Swansea area, but for the whole of south and west Wales. The other is the fact that *within EZs*, service industries enjoy tax allowances on their capital expenditure, a benefit which elsewhere is limited to manufacturing industry only. Indeed, this concession has even encouraged two hotel groups to seek information about the Swansea zone.

While the city generally is very pleased with the way things have gone so far, this is not to say there have been no local misgivings. Wales knows more than most the potentially damaging consequences of giving unfettered rein to market forces. Only in the past 15 years have the heavy scars of nineteenth-century industrial exploitation been healed through massive land reclamation programmes which followed the Aberfan disaster. The Lower Swansea Valley itself was a very famous *example of industrial* land dereliction. Before restoration work began 10 years ago, nothing would grow on the poisonous waste tips which covered the valley, left by the once massive non-ferrous smelting industry.

In the circumstances, Swansea has been very determined not to repeat the mistakes of the past in the zone's development. A large part of the zone area was originally intended to be developed as an industrial park and many of the environmental features of the original scheme, such as screens of trees and a lake, are still to go ahead. Combined with the restrictions which are being maintained in all zones against polluting industries, they should ensure the environment of the Swansea zone remains attractive.

The local Chamber of Commerce has also been anxious—and indeed, remains so—about the possible distortions the Enterprise Zone may create in the local economy. However, Swansea councillors took the view from the outset that there was no point in entering into the experiment half-heartedly. As a result of pressure from this quarter, they did concede a ceiling of 45,000 sq ft on retail developments within the zone.

The main feeling, however, has been that the zone offers potential economic benefits to compensate for the serious erosion of the area's traditional industrial base—notably the major cutbacks in employment in the steel and tinplate industries at Port Talbot, Velindre and Llanelli, and in other non-ferrous metal industries—and therefore ought to be tried.

That said, the extent to which the Swansea zone is creating new jobs is unclear. But then, Mr Roger Warren Evans, director of the Council's Centre for Trade and Industry says he is anxious to avoid re-extending bureaucracy to find out such information, since this would be against the very spirit *of the Enterprise Zone experiment*.

Mr Evans is, *in any case*, a firm advocate of an Enterprise *Zone philosophy which argues* their prime purpose is not to create additional employment as such, but to secure the rapid redevelopment of areas of industrial dereliction. He accepts the emergence of new Enterprise Zone property is likely to result in the earlier demise of older property elsewhere and to concentrate local development pressures. He believes strongly, however, that areas where progress is visible and where the momentum of development will be easier to maintain is just what is needed, not just in the Lower Swansea Valley but other areas of the country chosen as Enterprise Zones.

Private sector to launch and market the zone

Belfast

ALAN WATSON

BY THE time the Belfast Enterprise Zone becomes operational next month the Government will have appointed a company of consultants from the private sector to launch, promote and market the entire project.

The method adopted by the Department of the Environment for Northern Ireland is unparalleled in any of the other zones. Consultants will provide a senior partner as a zone manager as well as staffing a city centre zone office.

The 513-acre zone will be among the final few to be officially designated, largely as a result of the *need* for separate legislation for Northern Ireland.

Political and security problems unique to Belfast have, in part, necessitated the different approach to presentation. There is also an administrative peculiarity. Belfast Council, under the province's local government system, does not have the powers to take control, while the department at Stormont acts both as the local authority and central Government.

The zone is two separate and distinct areas. Some 323 acres, *spread roughly in an anchor* shape across the sectarian interfaces of *north and west Belfast*, constitute the largest portion. This area lies within a belt which was once bustling with industrial activity but which now displays all the symptoms *of inner city blight and* economic decline, as well as the evidence of sectarian conflict.

A committee composed of state, council and private interests is advising the department which in turn is aided by a report from a firm of consultants as potentially available for occupation, 95 per cent of it in old textile mills. There is a marked lack of modern industrial premises for purchase or lease.

The consultants' survey of industry within the zone charts the sharp decline of the traditional employers, the linen mills, although they still account for almost a third of the present employment. Efforts to transform old mill complexes into modern *industrial estates have* had limited success with relatively *few new job opportunities* as a result.

Another 190 acres owned by Belfast Council and Belfast *Harbour* Commissioners on the north foreshore of Belfast Lough is included in the zone. It consists of largely undeveloped reclaimed land and the Government sees potential *for attracting a major employer*, probably from overseas, to this site. It is adjacent to modern motorways and to deep water berths in the port.

While the inner city section is predominantly in industrial or commercial use and mainly in private ownership the foreshore contains 175 acres of the 194 acre total of available land in the complete zone.

The consultants surveyed employers within the zone boundaries and concluded the main effect of the Government's proposal would appear to be to halt or at least slow down the present trend of job losses and closure. It could also encourage some property owners to *launch redevelopment or refurbishing schemes.*

Rates relief was viewed by companies as by far the most important benefit. *De-rating* will mean a loss of revenue of *about £750,000 a year*; Belfast Council's portion will be reimbursed by *central government*.

Planning application for a *major* retail development within the zone has recently been lodged. Such developments, however, while bringing obvious benefits could, if excessive, damage trade in shops in adjoining communities and in the city centre. The report considers that 60,000 sq ft is the maximum that should be considered initially for retail outlets.

Encouraging the use of undeveloped land

Salford/ Trafford

RHYS DAVID

LOOKED AT on a map the Trafford Park/Salford Enterprise Zone resembles nothing quite so much as an unfinished jigsaw. The 400 acres of land on each side of the Manchester Ship Canal included in the zone have been carefully delineated to avoid existing major industries and to cover mainly undeveloped strips.

For, although it might have been an even more interesting experiment to include some of the big firms on the vast Trafford Park estate to see whether or not they would grow more quickly in the Enterprise Zone environment, the rates cost which the Government would have found itself paying ruled this out. An integral zone, including existing estate tenants, was costed at £1.5m in rates lost to the two *local* authorities, the Greater Manchester boroughs of Salford *and Trafford*.

The zone as it now stands has been drawn around parcels of land which appear to offer good short-term possibilities of development, and the rates loss *which the Government will have* to find is estimated as likely to *work out* at *around £300,000 for* each of the two authority areas.

It is, however, because it lies within a well-developed and reasonably thriving industrial estate that the Trafford Park/Salford zone will be looked at with particular inteerst by advocates and critics of the scheme. The zone will benefit from *excellent infrastructure*, including motorway access from the M63 to the M62 and on to the M6 or M1. As such, the added advantage of *rates relief*—the principal gain for companies locating in the zone — *should* make it very competitive against *other sites in the region*, including Warrington New Town.

Indeed, those in the property world who have remained sceptical about zones argue that Trafford Park itself does not need incentives and is attractive enough to stand on its own feet. "Over-confidence on the part of developers rather than lack of confidence has been the problem in the past. Because of demand *too much* speculative new space has been put up, *leading* to *short-term* oversupply in certain medium size ranges. "The problem usually sorts itself out, however, after a *few years* and the *space* is generally let", one Manchester agent points out.

It is an argument with some force but the zone's advocates point out in its favour that it should result in land which is needlessly under-utilised being brought forward for development. Companies often tend to retain land for expansion, one of Trafford's planners points out, even though there may be no likelihood of their using it for years to come. The capital asset which it now represents as part of the zone *could force* a re-think. This would seem to apply particularly *on the* Salford side where the Manchester *Ship Canal has retained a large* acreage in the hope of attracting *port-related industry*. This has looked for some time a *forlorn hope*, and the port has *already begun to turn its* attention to marketing its land for *other developments*, attracted by zone benefits.

The *distortions* in the *local* property market which the zone *is likely to produce ought*, nevertheless, not to be underrated. *According to some* estimates the zone, which covers roughly *one*-quarter of the entire Trafford Park estate, contains *within it enough* land to satisfy development needs in *the vicinity for* the *next* 10 years. With local and national *developers* and *building* companies expressing strong interest *already in sites within the* zone there will be an impact on *existing developments outside* and new schemes outside are *likely to be discouraged*. *There* are reports of rents outside the zone *falling* and *tenants for*, some new developments being able almost to name their price.

The way in which the boundaries of the zone have been drawn have inevitably led, too, to anomalies. As well as embracing vacant land the zone also included three estates in the course of construction. Understandably all three locations *have* attracted considerable interest and one is now largely *filled*. Not very far away, however, another large new development *has been excluded*.

Opponents of the scheme argue *that as well as affecting* developments outside, the zones will *also attract companies away* fro mexisting locations, with the result that the net gain *in* jobs could be much smaller than expected. One critic, the Enterprice Zone Action Group, has claimed that four out of five firms moving into the zone have come from within *the locality* to take advantage of the cheaper costs. The extent to *which* companies will be willing to move a *matter of miles to take* advantage of the zone's incentives is possibly being overstated, however. As one property agent points out, *the size of unit which* companies want will not always be available inside the zone and with the benefits due to run out after 10 years, the number of companies likely to commission buildings to meet their specific requirements *is likely* to be limited.

Judged by the initial response, however, the incentives are *likely to prove a strong* attraction to companies that are *in a position to choose their* locations. Significantly, too, as one of Trafford's planners points out, it is the financial benefits rather than the planning relaxation which would seem to be all-important. "All the comments we are getting from developers, existing companies in the zone and agents suggest planning controls are rarely seen as a problem," one official notes. Trafford, he points out has very rarely turned down a development in the area now covered by *the zone on planning* grounds.

Nevertheless, planning officials admit procedures have in *some cases been improved* as a direct result of the creation of *the zones and the benefits from* this could extend to other de*velopments outside the zone*. The Health and Safety Executive *has been willing, planning officials* claim, to set down much *more simply for companies in* the zone the criteria they must meet. There *has been a readi*ness, too, on the part of elected *council* reprsentatives to allow much greater delegation to officers where planning matters in the zone are concerned. At the same time a new degree of co-operation between the Labour controlled Salford Council and its Tory counterpart in Trafford has been evident from the initial stages when the Government was considering applications through to the establishment of the zone and the two sides will be mounting a joint stand at the Exhibition at CBI headquarters inLondon. Just what overall gains are likely to emerge from the establishment of the zone will take some time to become clear. However, as the above examples suggest, some of the least expected could be among the most interesting.

ENTERPRISE ZONES IV

Joint effort to promote development

FOR THE largest and one of the most recently designated Enterprise Zones, Newcastle-Gateshead celebrated its go-ahead on August 25 very quietly. Such calm does not indicate a lack of activity, however; the two local authorities have entered enthusiastically into the challenge their total 1,200 acres represent.

Newcastle's smaller portion of 220 acres is dominated by the redundant Dudley-Vickers plant at the Elswick end of the zone, which follows the Tyne's north bank westwards to Lemington Point where it branches away to take in Lemington glassworks and the 12 reclaimed acres of Newburn Haugh.

This long thin strip encompasses a wide range of derelict plants, empty and reclaimed land and already existing small and medium-sized industries. Bell's Close, for example, is a 2.5 acre serviced industiral site leased by the City Council to Tyne and Wear County Council and is fully let, mainly to a number of small companies.

The most important news for the Newcastle zone, however, was the recent announcement by the Vickers Engineering Group of its intention to take advantage of the zone's benefits by transferring its Defence Systems Division to a new £7.5m seven-acre factory on the site of the former Vickers Scotswood works, which closed 18 months ago, making 700 redundant. Their 70-acre Elswick site would be demolished, stripped clean and released for development, with Vickers retaining the freehold. The council will provide new services and new access roads.

"This is the first significant and large-scale private investment in the Enterprise Zone," says Mr Chris Hammer, Newcastle's Enterprise Zone Officer, "and it creates a tremendous development opportunity at Elswick." Suggestions for the land's use include an hotel or a leisure complex, although Vickers would prefer the upper 50 acres to be used for manufacturing, leaving the 20 riverside acres for other purposes, with public access.

Vickers has called the project "Operation Dreadnought." The Scotswood factory is planned to cover 320,000 sq. ft, with 40,000 sq ft of office accommodation and the target date for completion is July, 1982. The £4.2m Vickers Michell white metal bearings plant presently on part of the site, which was opened three years ago, is to be incorporated into the "Dreadnought" factory complex.

Vickers and Newcastle are synonymous: the seemingly inevitable demise of the company, as employment was reduced from a war-time peak to a trickle, led to the deliberate drawing-up of the EZ boundaries to include Vickers "as a carrot, to keep it going."

Newcastle/Gateshead

CATHERINE DARBY

Meanwhile, across the river, Gateshead is equally as determined to exploit its opportunity. Its zone is made up of three separate sections, two of which, Blaydon and Cross Lane/Dunston, match the Newcastle zone on the opposite bank.

They are mainly derelict areas, marked out for improvement. Mr Richard Simons, Gateshead's senior planner, says that "the premise of the Gateshead zone was to include as much available land for development as possible," but with so much of the area needing attention, the zone mushroomed. The DoE made three stipulations for inclusion: there should be identifiable boundaries (such as the Western bypass), cost of rates taken into account and developable land available—certain companies were excluded on this basis because they did not have such land close by.

Out of the Blaydon site's total 94 acres, around 37 have been on the market for some time, including about four acres owned by Gateshead Council itself, where there is the possibility of small-scale advance units being constructed. Not unsurprisingly, Gateshead anticipates zone status will ensure the sites are "snapped up."

Next door, the massive Dunston power station, in the 500-acre Cross Lane/Dunston section, closes in October and wil be vacated by the CEGB in 1982. This zone will also have a main BR passenger line running through it; reclamation of unsuitable land may start this year, allowing small sites to become available within two years, and highway improvements are planned for 1982-83.

The huge size of the Newcastle/Gateshead zone may be accounted for by the addition of part of the English Industrial Estates Corporation's Team Valley estate, established in the 1930s. It is said to have been included under pressure from Sir Keith Joseph's Department of Industry, in response to the EIEC's fear that further letting in Team Valley would be retarded if it was not in the zone.

Out of a total of 358 acres, 206 acres cover the bulk of the EIEC's vacant land, although 51 fortunate companies have fallen within the zone's boundaries, including the English Industrial Estates' headquarters. Together with EIEC, the Legal and General Assurance Society's £2.5m project will be providing 180,000 sq. ft. of factory units ranging from 3,000 sq ft to 60,000 sq ft.

The Newcastle / Gateshead zone is to continue being administered by the two councils, with a salesman from the CBI. There is no rivalry between the two councils for customers, however. It may well be that the sites and their areas mean that Newcastle has a manufacturing bias, whereas Gateshead might be more appropriate for office, commercial or distributive companies. But, as Mr Hammer puts it: "All gains, whether in Gateshead or Newcastle, provide more employment overall." With an average 14.2 per cent unemployed in the North of England area, it is all to the good.

A time of wait-and-see

WITH THE arrival of the first new companies on the Dudley Enterprise Zone site, the controversy over its benefits and possible drawbacks has now died down, but it will be at least a year before clear evidence emerges to show whether it is likely to be a success in the long run.

The zone was officially opened in mid-July by Mr Norman Fowler, the Transport Minister, and the first newly-built industrial premises on A. and J. Mucklow's Enterprise Estate are now becoming available at rents which are comparable to those outside the zone.

The first 13 Mucklow units, now being completed, are 2,433 sq ft in size and are being rented at £2.45 a sq ft, comparable to or even cheaper than some of its property outside the zone, the company said. These units are available on short leases, which should encourage new companies.

Mucklows will eventually build more than 170,000 sq ft of factory and warehousing space in the zone, and larger units will be let at around £2 a sq ft. The largest planned factory will be 60,000 sq ft, but purpose-built premises could be larger. Initial interest for property has come mainly from West Midlands and local companies, but as larger units become available, wider interest is expected.

Another estate at an advanced stage is Peartree Industrial Park, being developed by Crackley on a 16-acre site, while other major land owners are Round Oak Steel, M. and W. Grazebrook and Dysons Refactories. While some of the many companies owning land in the zone are planning developments for their own use, most of the space will be used for incoming industry.

One of the problems of the 540-acre site is that it is above old coal mines, and for this reason some of the land is expensive to develop. This does not appear to have deterred owners, however, as the incentives remain extremely attractive for industry in the zone.

Another restraint is the considerable amount of unlet industrial property outside the zone, which is now being offered at highly competitive prices, but as the recession eases this should be taken up and overall demand will certainly improve.

Dudley

LORNE BARLING

Council officers in Dudley are hoping to attract around 50 medium-sized companies with good growth prospects to the zone. This would immediately boost the sagging local economy, which is dependent largely upon metal processing industries. Unemployment in Dudley is 15.4 per cent, the highest in the West Midlands.

It is hoped that a high proportion of incoming companies will be making products which relate to the engineering skills in the area, and also provide employment for a large number of women who have lost jobs during the recession.

Two suitable growth sectors identified by the council are heating, lighting and ventilation, and pollution control, and companies involved in these activities are seen as highly suitable candidates.

Although there has been some criticism of the speed with which all enterprise zones have been set up—with considerable pressure on the resources of local government—Dudley seems to have coped with this remarkably well, meeting the ambitious timetable set by the council.

Similarly, developers have wasted no time in getting started, and the spirit of the Government plan to get things done quickly has certainly been accepted in Dudley, although this perhaps contributed to some of the early opposition to zone, notably from the Dudley Industrial Ratepayers Action Group.

The group of about 500 small companies initially called for major changes in enterprise zone legislation, but having failed to achieve this, it is now monitoring the performance of the zone, particularly in relation to any detrimental effects on the business of its members.

It will certainly be some years before the full impact of the zone becomes clear, and only then will companies be able to judge whether it has stimulated industrial activity in the area—as the Government predicts—or whether it has damaged companies through unfair competition. Similarly, only when the West Midlands property market returns to more normal conditions will anyone be able to judge satisfactorily whether the zone has been an overall benefit or otherwise.

It must also be recognised that as a result overall industrial decline in the West Midlands is now increasingly evident and many areas may never fully recover from the effects of the worst recession since the war. If Dudley therefore manages, with the help of the enterprise zone, to maintain or even slightly to increase its industrial base over the next few years, it will probably have done better than some neighbouring areas.

Isolated from prosperity

AS A test case for the theory of Enterprise Zones Langthwaite Grange at South Kirby near Wakefield is perhaps as good as any the Government could have found. Located close to four villages in an old Yorkshire mining area, it has been largely by-passed by the prosperity which has come the way of the town of Wakefield generally.

That prosperity has been based on Wakefield's emergence as an important administrative centre for West Yorkshire and more specifically on its position at the junction of the M1, A1 and M62. By contrast the Hemsworth area in which South Kirby lies is isolated, with relatively poor links to the motorways an dto Wakefield itself.

The area's mining background has meant, too, that there have traditionally been few jobs for women, and with the pits themselves now offering fewer opportunities, young people too were facing a difficult task finding work even before the present recession.

The major attempt to solve the area's problem has been Langthwaite Grange, an immediate post-war indistrial estate intended to attract labour-intensive textile and clothing companies and other similar types of industry.

Even with the subsequent arrival in the 1960s of a number of warehousing and distribution concerns, however, the estate has rarely been much more than half full, and the very difficult economic conditions of the past few years have seen a number of closures.

The result has been an increase in the area's unemployment rate—traditionally two to three times the national average—to around 20 per cent, and to make matters worse it has suffered the loss of its previous intermediate status under the Government's re-drawing of development area boundaries.

The area now forms a wedge between two areas with intermediate area status, and adjoins a third area, Mexborough, with full development area status. In the submission sent to government supporting its case for inclusion as one of the zones the Wakefield Borough Council warned that the area was beginning to exhibit inner-city problems, and would begin an irreversible decline.

The zone that has now been created covers around 140 acres, of which some 73 acres is already occupied by a mixture of engineering, textiles and warehousing concerns, all of which will now benefit from rates relief. Among these are Frigoscandia, part of the Swedish group AGA which operates a 6m cubic feet cold store on the estate, Allied Suppliers, Geest, Everest Double Glazing and Invicta Knitting Mills.

Wakefield

RHYS DAVID

The 67 acres of undeveloped land is mostly in the ownership of the district council which has indicated it will be prepared to dispose of land leasehold on a variety of terms to meet purchasers' requirements or freehold if necessary. A variety of vacant premises is also available.

Since designation of the area as an Enterprise Zone there has been an average of 20 inquiries a month from potential developers, some of which have led already to firm commitments. One [illegible] acre site, previously in the ownership of a food processor, has been sold to a building company which will be erecting units to individual purchasers' requirements. A 38,000 sq ft vacant textile factory has also been purchased, and the English Industrial Estates Corporation has let several of its vacant units.

Whether the estate can enjoy long-term viability as an industrial location after the experiment ends could still depend on measures to end its isolation. The Enterprise Zone is likely to be a major boost to the area over the next 10 years but over the longer term it seems likely other steps, including better links with the motorway network, will be needed if the area is to be put more permanently back on the road to economic health.

High demand for small units

A MAJOR selling point of Free Zone Speke, the brand name under which Merseyside's enterprise zone is being marketed, is 1.2m sq ft of modern factory space, immediately available, for as little as 50p per sq ft.

"With no rates to pay, it is a tremendous bargain," says Mr David Mowat, Liverpool's development officer. "There is nothing else available at that quality for that price anywhere round here."

The space is in the disused Triumph car plant, which British Leyland closed two years ago. It is all capable of being partitioned, although the smallest unit being offered by agents Mason Owen and Partners is 25,000 sq ft. Prices vary with space taken, ranging from 50p to £1 per sq ft.

The old Triumph factory, built in the 1960s, comprises nearly one-third of the 350-acre Speke Enterprise Zone, which is on two sites near where the Mersey sweeps northwards to the sea on its way from Manchester and Warrington. The second site sits cheek by jowl with Liverpool Airport and Speke Hall, a Tudor manor house that is a major tourist attraction. Only about half of the site will be ready for use in the near future.

This second site formed a pre-war industrial estate, mainly occupied by another disused factory, where Dunlop used to make tyres and golf balls. The factory is too old for conversion and will be demolished by the company, so that the site should be available for development next year.

By then, English Industrial Estates will have 70 modern units ready on an adjoining 25 acres, nearly all of them for small companies. There will be 26 1,000 sq ft units and 20 more will be of only 500 sq ft each. The rest will range from 2,500 sq ft to 15,500 sq ft.

However, Mr Mowat wonders whether Merseyside needed an enterprise zone to help it fill these units: he has no difficulty letting small factories and every time the minimum size he has on offer is lowered, that becomes the most in demand. The clamour at the moment is for his 2,500 sq ft units.

Speke

IAN HAMILTON FAZEY

Many of these units are being taken by redundant executives starting up on their own. Mr Mowat thinks the 500 sq ft units, of the type already highly successful in Warrington and Wirral, will go like hot cakes. He thinks it would be most useful now to promote Speke to potential large employers in Europe and the U.S.

The remaining third of the zone is still some way from being developed. It comprises part of the old runway and taxiways of Liverpool Airport and half has yet to be handed over by Merseyside County, which leases the airport land from Liverpool City. With some of this land below high water level and drainage problems yet to be tackled, there may not be much of the 10-year rates holiday left by the time it is ready to provide permanent jobs.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Cutlers' last stand?

Jeremy Stone examines the emergency rescue of an adventurous Sheffield cutlery group

IN THE board room, a row of picture hooks recently vacated by the family pictures makes its comment on the dwindling *fortunes of Viners*, the largest cutlery manufacturer in Sheffield.

After losses of just over £100,000 in each of the last two years, Viners' slow puncture has turned into a blow-out, as a *long-standing mismatch* between Viners' production capacity and *marketing strategy became* acute, under the impact of the recession. In the first-half of 1981, as overstocked shops stopped reordering, over £1m rushed out of reserves to finance the business and with bank facilities fully *extended* receivership loomed. The family-dominated board took the only other way out when—two weeks ago—it agreed to recommend an offer under which new management would bring fresh capital into the business.

The bid placed a value on the company of £116,000—just 2p a share. At its peak, in 1973, Viners' *market* capitalisation was almost £3.4m.

Looking back, it can be seen that the seeds of collapse were already being sown in the early 1970s, but at the time *they seemed vintage years for* Viners. After years of rolling modestly along as a traditional craft-based business, Viners had recently begun to *show a turn of speed.*

The factory in Sheffield had been virtually a collection of independent workshops, making individual ranges of flatware (knives, forks and spoons) and holloware (coffee pots; trays *and so forth*). Now it was remodelled on a more unified production line basis. Manufacturing procedures—pronging and pointing forks, for example —*were simplified. The product* range was drastically reduced. Sterling silver tableware was abandoned because the necessary stocks of metal were felt to be turning over too slowly. Cheaper styles of stainless cutlery *were imported from* Asia and vigorously promoted.

As a result of these changes, profits doubled between 1962 and 1968. The new approach more than doubled the rate of growth achieved in the previous decade. Inflation was negligible, and the success correspondingly real.

At that point, the board made a major strategic decision. Given confidence by success, and seeing a growing market, Viners embarked on a five-year plan of "substantial" expansion, particularly *of the less* import-sensitive middle and upper segments of the market. Leslie Glatman—who was already a director and is managing director today—explained last week: "When you see the business developing well, you start investing in the tomorrows."

Viners certainly invested heavily in new equipment, as well as making a number of takeovers (principally in order to get access to new markets in *France and Ireland*).

Expanded

The capital equipment ranged from a fluid-forming press and multi-headed polishing machines to a computer-controlled electroplating plant. In 1970, the company was sufficiently modern *in outlook to put a computer in* its new warehouse.

The new plant enormously expanded capacity, the assumption being—in 1968—that with a *large* enough marketing effort Viners could "sell to its production capacity, *rather than just* making to meet a demand." But although turnover accelerated—and profits went on rising until 1975—events have never justified the investment.

Ironically, profits and market growth peaked at just about the time that Viners' investment plans were reaching completion. Potential output had been increased to such a degree that even Viners' *exceptionally energetic* selling and well-known brand-name were unable to keep pace with it.

As a result, the company was *impaled on the horns of a* dilemma: If the plant were to be operated at sufficiently high levels to recover fixed costs, stocks would begin to rise, the cost of financing higher stocks would then eat into trading profits. *On the other hand, if an* effort were made to under-produce and control the need for working capital, overheads could not be fully recovered.

*The problem proved intract*able from the first. In practice the rate of stock turnover has followed a generally declining trend, from eight times in 1968 to just over two in 1979, and 2½ last year. Viners' interest charge quadrupled between 1975 and 1980 while trading profits halved. And in 1979 financing costs overtook trading profits.

Almost before the expansion programme finished, it was *apparent how far it* had stretched the balance sheet. After £1.2m of investment in machinery between 1971 and 1976, and cash takeovers in the same period to the tune of £0.8m, internally generated *funds were not flowing strongly* enough to finance the increase in working capital which accompanied higher output. In 1976, the stock market absorbed 1m new shares by way of a placing; the proceeds—under £250,000—were slightly less than Viners' interest charge that year.

Expansion also stretched Viners' managerial resources. *Glatman wanly reflects* that "In the 1970s, management got spread too thin. . . with the acquisitions." At St Medard Orfevres — a Beauvais-based *manufacturer of high quality* traditional silverware — Viners has changed the top management twice in six years. Although its products are highly *regarded, St Medard* has been unprofitable and in constant need of attention.

As if those strains were not enough, low-cost imports from the far East were gaining a stranglehold on the bottom end *of the market. By 1977*, something like 90 per cent of the UK demand for stainless steel flatware was being met by imports, mainly from the Far East. *Viners had itself pioneered this* trade rightly convinced that no UK producer could compete on cost at the cheap end of the market, the company had seized on low-cost imports as a key source of the cash required by its ambitious growth plans further up the market.

Importing is still a profitable part of Viners' business. But once the Korean flatware manu*facturers* discovered *that* they could profitably sell directly into the UK retailing system, margins for manufacturer-importers were never the same. *In the present recession*, UK manufacturers have only been able to hold market share by competing with each other (and with company liquidators) to offer bigger discounts to the retailers. It is this development which has toppled Viners over the edge.

In the face of all these problems, Viners is obviously a difficult proposition for any would-be rescuer. Glatman *speaks in the warmest terms of* the support given by the Midland Bank, the group's main banker, whose lendings to it—over £2.5m—are sustained by *only £3.2m* of book net assets. Since £1.2m of those assets arose from a property revaluation in 1979—based on the assumption that Viners would continue to make profitable use of its Sheffield factory—the financial position is distinctly shaky.

That is why the new rescue plans include a rights issue, to inject £1.45m of new equity. After that restoration of the equity base, the Midland will be prepared to enlarge Viners' credit facilities, giving the new directors some room for manoeuvre.

Self-inflicted

The rescuers—who are underwriting the rights issue—are Lucius Andrew III, of Seattle, and a Briton, Peter Breach, acting through his investment company, Principality Holdings. Both men have experience of recovery campaigns. Andrew's U.S. interests include at least one company—manufacturing *aircraft parts in California*—where the campaign has been successfully carried through from "very unpromising" beginnings. For his part, Breach *has a holding in James Dixon* and Sons, a Sheffield flatware maker which "three or four years ago had very similar problems, but we turned it round."

After several months painstaking study Andrew and Breach are convinced that the present difficulties of Viners are to a great extent self-inflicted; the management allowed production to continue "at a level . . . appropriate to a substantially higher level of sales than was being achieved during a protracted period of economic recession."

Their programme has four main planks:

● Whatever is produced in Sheffield, much lower manning levels will have to be achieved. Redundancy notices already issued will cut the workforce to 160 (from about 400 at the moment). The notices will remain in force. According to Breach: "You can easily produce *what they do in flatware* at the moment with half the workforce."

● The product range will have to adjust to what the public wants, and to fully exploit the group's 160 "shops within *shops" in large department* stores. Viners' marketing staff believes that UK demand has polarised, so that the significant markets are now for high quality sterling *silverware* and ultra-cheap stainless products (in both flatware and gift-shop items of holloware). Viners has been left stranded in the middle, making medium-price lines which are too expensive for the utility *market* while lacking in the intrinsic value needed at the quality end.

Andrew also points out that the U.S. is a market where "The company does almost nothing. But it's a tremendous market. In the U.S. Sheffield is an unbelievable name. *Everybody knows it.*"

● *Breach's experience at James* Dixon has taught him that surplus factory space can be turned to good account. Despite the abundance of vacant indus*trial property in the town*, Dixon's has been able to let small workshops to craftsmen. Viners' factory once accommodated 1,500 workmen in its *235,000 square feet. Planned* manufacturing will use only a quarter of the building. Breach thinks the rest can be let at low but profitable rents.

● The final ingredient—arguably the vital one—is a new tightness of management control. The incoming management thinks it is necessary to keep a close eye on the day-to-day production, and establish much more stringent cost accounting and financial control systems.

Assuming that all the necessary restructuring proposals are *passed by the shareholders*, Andrew will become chairman, with Breach, as managing director. The present chairman, Roger Viner, will remain on the *board as a non-executive director*, but the other Viners will retire from the board.

Daunting though their task is, Leslie Glatman, who is to remain an executive director, thinks the chances of success are good: "It would even be nice to think we could turn it *round this year. But then* everything would have to go like clockwork."

UK design comes under fire

BY CHRISTOPHER LORENZ


Wedgwood's Sir Arthur Bryan: "Good design must sell"

THE usually demure Design Council is about to fire another broadside at the quality of British products.

The Council's latest attack, on the extent to which UK designers are having to sell work for foreign companies, comes hard on the heels of the unprecedented and controversial refusal of one of its judging panels to give any of the Council's 1981 awards to the billion-pound decorative products industry. *For many years this* sector was seen as the bastion of good British design and won a high proportion of the total awards.

There is more to the Council's latest complaint than straightforward special pleading for its own constituency; plenty of *evidence supports* it. But by organising an exhibition later this month with the theme "Designed in Britain, Made Abroad," the Government-*backed organisation* is already being accused by some of its supporters in industry of promoting imports.

Behind the Council's claim lie *not only its own judgment* based on submissions to its awards schemes, but also several independent reports which have recently concluded that British *industry as a whole tends to pay* less attention than its competitors to "non-price factors;" the term applies to delivery and to the related complex of quality, *reliability, design and innovation*. The studies include work by the National Economic Development Council and by several advisers to the Cabinet Office, as well as by the EEC Commission.

Tough stance

Most of their criticism has been focused on the engineering and motor industries. But the Design Council itself has now also *brought decorative products* under fire, comprising textiles, glassware, ceramics, toys and jewellery; this is the very sector it has spent most of its 37-year life promoting (many of them under its original title *of the Council of Industrial* Design).

Many designers are delighted at the Council's tough new stance, but the acclaim is not universal. Not every leading designer shares the extreme experience of the one quoted by the Council in its publicity for the "Made Abroad" exhibition, who has had to look to foreign clients for four-fifths of his *current business, whereas two* years ago precisely the same proportion was for British companies.

The head of an equally promi*nent company argues that the* really significant distinction is not between design-blind British companies and their acutely aware foreign competitors, but between UK companies which confine themselves to the home market, and companies with international markets. The second *group is much more design-conscious*, he says, whether *foreign-owned* or British.

Just as controversial as the *council's exhibition* is the question of the extent to which its awards are really an objective reflection of the quality or otherwise of British design, or *whether they are more significant* as a barometer of industry's keenness or reluctance to submit good designs for consideration.

Council staff suspect that this year's first-ever decision to give *no awards for decorative products* is an objective measure of quality, since there was no marked fall in the number of submissions over previous years. An inquiry starts work in November, but there is already disagreement from no less than Sir Arthur Bryan, chairman and managing director of the Wedgwood ceramics group, a council member, and *chairman of its 1982 judging* panel for decorative products.

Sir Arthur *claims that* the interest of some companies' designers in the awards scheme has cooled and needs encouraging. He also questions some *of the decisions of past judges.* "The panels must be encouraged to take a more business-like and marketing-oriented approach to decorative products," he emphasises. "Design must not only be aesthetically appealing—it must sell."

Behind Sir Arthur's remarks lie not only his sensitivity about the reputation of the British ceramics industry in the face of toughening overseas competition and a falling UK market share, but also the fundamental issues of "what is good design?" In decorative products this is largely a *question of taste.*

Business courses

Business Modelling with Mini and Microcomputers, London. September 24. Fee: £135 (plus VAT) members, £145 (plus VAT) non-members of the British Institute of Management. Details from British Institute of Management Foundation, Management House, Parker Street, London WC2B 5PT.

Time Control and Communication Skills, London. September 29-30. Fee: £135 (plus VAT) members, £145 (plus VAT) non-members of the Institution of Industrial Managers. Details from Institution of Industrial Managers, Industrial Management House, 45 Cardiff Road, Luton, Bedfordshire, LU1 1RQ.

Indexed gilts for all

BY PETER RIDDELL

AFTER the rejuvenation of the granny bond into the people's bond, will this autumn see index-linked gilts for all? There is now a strong chance that this will happen.

For a start, there is the principle of the wedge. After a long battle, Treasury Ministers and their advisers finally persuaded the sceptics, notably in the Bank of England, to accept indexed gilts last March. But they had to agree to a restriction on eligibility to pension funds and life offices. This was seen by the enthusiasts as only a first step and, after two £1bn issues, they appear to be *starting a campaign to remove* these restrictions.

There have been a number of clues. In a speech in Oxford in late July, Mr Nigel Lawson enthused about the success of *the first two issues—in particular* the Government's ability to sell the second issue at a time of bearish sentiment about gilts and "unacceptably high 15½ per cent long rates."

Mr Lawson accepted, however, that "commentators who have drawn attention to the eligibility restrictions as a factor contributing to the issue's initial under-subscription have a point. This is a complex issue, particularly so far as tax treatment is concerned, but it is something we may need to look at again."

Limits

The indexed stocks obviously provide a benchmark against which yields on alternative investments can be measured. Some City analysts argue that the real rate of return of 2.8 per cent on the second indexed issue has produced higher nominal yields on fixed interest gilts, *not the lower yields one* might expect in the absence of new issues of such conventional stocks. Pension fund managers now have higher goals.

The 2.8 per cent real rate of return on the second issue may not, however, be a true reflection of the market's long-term *views merely because there are* clear limits on the amount of liquidity available in the short-term *even* to pension funds and life offices. The market may also be one-sided to the extent that actuaries and managers of these funds have broadly *similar objectives and outlook* and may even talk together (not so much a thundering herd as a whispering elephant).

The removal of eligibility restrictions could produce a broader and less artificial market as participants will have widely differing goals and attitudes. The yield would presumably be somewhere between 2.8 per cent and the return of around 1 per cent offered on the people's bond (after the bonus). There are a number of snags, notably the problem of distinguishing between real and paper capital gains (irrelevant for pension funds which do not *pay tax). This is, however, an* argument for changing the tax laws rather than for maintain*ing the restrictions, though the* Government has previously turned down proposals for index-linking the capital gains tax system.

Unique

The more significant point, until recently, has been whether removing all restrictions would result in an unwanted inflow of capital from abroad which would push up sterling. Britain would certainly be unique among major industrialised countries in offering such an inflation proofed security and there are apparently some snags in an EEC context, voiced especially from West Germany. Worries about excessive inflows may be somewhat less now that sterling looks much weaker than it did in the spring.

A number of hurdles still have to be overcome and there could at first be a relaxation broadening eligibility to all UK residents, treating foreigners *separately.* But the present restrictions do not look permanent. It is worth remembering that *each economic statement* since the election (whether Budget or *mini-package) has* included some funding innovation affecting either gilts or national savings. And *there* is still plenty of borrowing to fund.

Tasting calls for a flexibility of palate

WINE

BY EDMUND PENNING-ROWSELL

NOT SURPRISINGLY, very little has been heard of the 1980 Bordeaux vintage. It followed the two good if variable years of 1978 and 1979: the latter prolific and by no means all sold by the growers. The 1980 crop was picked in unsettled weather after a distinctly patchy summer.

So unwelcome have the red wines been—*the* whites have been more reliable—that the classed growths were reluctant *to offer their wines, and many* did not do so before Bordeaux shut down for its customery month or so of commercial slumber. Even the first-growths, often bought more by investors and speculators rather than by drinkers, brought out their wines, at prices much the same as the '79s, only on the eve of these *holidays.*

This almost unprecedented holding-back was chiefly caused by the growers' reluctance to offer their wines at prices lower than the opening figures of the *'79s, coupled with their awareness* that the market did not wish to pay such prices.

Consequently there have been less than the usual number of tastings of the latest vintage in London, but a very interesting one was held by the distinguished Bordeaux house of Nathaniel Johnston. Thirty-one '80s were shown—but without prices.

The overall impression was of *wines of light colour, lacking* fruit and body. There were exceptions, and the two that had more colour and substance than the others were Cos d'Estournel and Léoville-Las-Cases. Grand-Puy-Lacoste too had "something behind it," but some others, such as Lynch-Bages and *Haut-Batailley had an enriched* taste, arising no doubt from the very necessary chaptalisation. *The red Graves* were particularly disappointing.

However, it must be remembered that these were all cask samples, the wines may develop further, and this applies equally to some of the lesser growths shown at this tasting. Certainly the vintage will be one for early drinking. The major Bordeaux firm of Eschenauer has stated that the '80s are likely to be better than the '73s, '74s and '77s. *If they turn out as acceptable* as the '73s they will be welcomed by those who look for a *quick-maturing claret.*

So far as I *am* aware, no-one has shown the 1980 burgundies *in this country.* In Beaune in June I tasted two reds and two whites in cask, and the only one of any quality was a Corton Charlemagne. If '81 turns out well, as it could, let us hope not too much of the '80 will go into it.

Meanwhile Louis Jadot, and agents Hatch, Mansfield, were showing a *fascinating* range of 24 of the '78 and '79 red and white burgundies. Comparison between *the two* vintages was not all that easy, as the '78s were generally of lesser quality—for the good reason that the best had long been sold. However, the conclusions could be drawn that the '78 reds have more colour and backbone than the rather light '79s, and the white '79s are superior to the reds. From other sources, I *would judge that the '78 whites* are better, and have more body than the '79 whites.

Jadot's Chevalier Montrachet had lots of fruity flavour. Among the '79 reds that stood *out* were a Beaune Clos des Ursules and as Vosne Romanée, but for my money I would *prefer the '78 of the first,* and a well-balanced Chambolle-Musigny '78, too. Although Côte d'Or burgundies remain expensive, the progress of inflation in the past two years has tended to make them less so in real money terms.

The alternatives that many people have turned to are the Rhône wines, particularly those from the northern sector of the Hermitage area and Côte Rôtie. *Chapoutier of Tain l'Hermitage* took the occasion of changing its agent—to Parrots, which represents Louis Latour and Veuve Clicquot—to display a range from '72 to '79, with a few older rarities to show *the* development capabilities of wines more often than not drunk far too young.

Vintages vary less in quality in *the Rhône Valley* than further north, so it was not surprising to find very agreeable '77s, *although the '78s showed* better for the longer term; and this applied to the whites, too. Red Rhônes are about the best value in fine French wines. They should be bought young and kept.

An interesting tasting held by Food and Wine from France, the official publicity and promotional organisation, was of 10 different sparkling Saumurs; indeed more than 10 because nearly all the firms showed their sweeter wines as well as the brut.

Although Saumur has made some progress in Britain—in France it is doing very well because of the higher price of champagne—it is still underrated. If it lacks the elegance of fine champagne—but also the greenness of the inferior types—it is fruity, full-bodied and, at *its best, crisp. Of course* at this tasting the quality varied, and I concentrated on the bruts.

Those I particularly liked were the Ackerman-Laurance, Gratien, Meyer and Langlois-Château, which was rather harder. Sainsbury has just put out a Sparkling Saumur produced by Ackerman-Laurance, but unless I had a poor bottle, it seemed less mature than at the tasting. At half the price or less of non-vintage champagnes these Saumurs are very good value.

Trade tastings are, naturally enough, largely confined to young wines, but occasionally a *fascinating range, stretching far* into the past, is organised. This happened recently when *Cockburn's dived into its cellars* and came up with 16 vintage ports from 1863 to 1975. Only the experts can taste young vintage ports with assurance, but from 1963 backwards I am willing to mark my race card. The '63 was big and fruity, the '60 delicious now, the '47 losing fruit, the '45 very sweet, lovely balance — beginning to lose fruit?, and so on. But how fascinating to renew momentarily the controversy that *for* many years shook Pall Mall as to the relative superiority of the "*O-Eight*" *or the* "Twelve."

On this occasion I personally had no doubt that the '12 had more nose *and fruit* than the '08, but this was by no means the view of Wyndham Fletcher, Cockburn's former managing director in London and a senatorial figure in the port world. Fortunately I was *not* called out to settle the matter in adjoining St James's Square.

To descend from such heights to wines sold in laminated plastic containers—the bag in a box—requires a certain flexibility of palate, though fortunately not a transition immediately imposed.

In Australia something like 50 per cent of all native wines are sold thus: in big cardboard boxes that are conveniently thrust into their large refrigerators. In the UK Stowell's has comes out with two more portable boxes, containing three litres of red Vin du Gard and *white Vin du Pays du Tarn* respectively. Each has an easily applied tap. I kept my two cases at roughly cellar temperature (55° F) and drew on them at weekly intervals. For at least three weeks there was no sign of oxidation, but after a month the wines were a bit edgy.

I was rather less happy in the first place with the quality of the wines. The white seemed to have a somewhat chemical flavour and a *heavy, dead, taste* that made me wonder if it was pasteurised. The red was rather *light in colour,* slightly sweet and thin, but I found it more acceptable than the white, fair everyday summer drinking. The price is rather less than £7 each for the equivalent of four bottles.

Mull of Kintyre for Pontefract

RACING

BY DOMINIC WIGAN

THE Bruce Hobbs and William Hastings-Bass camps, respectively, responsible for Chellaston Park and Glancing in France, could today be on the mark nearer home through their runners at Pontefract.

There Hobbs's Palace House stable fields the hat trick-seeking Fimi in the Junior Stakes; while Marriott is represented by Marcela's chestnut daughter Martintide in the Grimethorpe Nursery.

Although Fimi has been on the go since early spring she retains her form in remarkable style and, if anything, is now better than ever.

The impressive winner of both her races since going down to Steel Stockholder at Ripon, where her rider's "catch me if you can" tactics looked like prevailing until near home, Fimi can further boost her paddock value by taking advantage of the weight she receives from Changatu and Chris's Lad.

Martintide, a small and less taking filly than her fellow Newmarket raider, did well to finish a close third behind Royal First in a nursery here last month following a two months absence from the track.

Although she has since disappointed this Bustino filly, a two and a half lengths winner from Hello Cuddles on that *course, may be worth another* chance now that she is tackling a formidable mile stamina test.

There will be plenty of backers ready to step in and support Angle Fire from the in form Steve Norton stable for the Ilkley Handicap and the colt, a full brother to the Gimcrack winner, Full Extent, must be respected.

However, I doubt him or any *of the others who have earned* formidable marks in the handicap here being up to giving weight to Mull of Kintyre. Last time out Patrick Haslam's under rated Murrayfield colt ran well enough to suggest that he may be returning to the form which saw him opening his account at the third time of asking as a two year old.

FOLKESTONE

1.45—Wonder Dream
3.15—Bulldozer
3.45—Steel Son
4.15—Goldyke*

PONTEFRACT

2.30—Fimi**
3.30—Martintide
4.00—Mull of Kintyre***
5.00—Royal Realm

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (ultra high frequency only). 12.30 pm News After Noon. 12.57 Regional News for England (except London). 1.45-2.00 Heads and Tails. 3.50 O Dro I Dro. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Tarzan, Lord of the Jungle. 5.05 John Craven's Newsround. 5.10 Animal Magic.
5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.50 Angels.
7.15 Wildlife on One.
7.40 The Rockford Files.
8.30 Only Fools and Horses.
9.00 News.
9.25 Angela Rippon Meets.
10.15 Come Dancing.
10.55 Medical Express.
11.25 The Fishing Race.
11.50-11.55 News Headlines.

All Regions as BBC 1 except as follows:

Cymru/Wales—12.57-1.00 pm News of Wales. 5.10-5.40 Bobol Bach. 6.00-6.25 Wales Today. 6.50 Heddiw. 7.15 Angels. 7.40-8.30 Doctor in the Zoo. 11.50 News Headlines, News and Weather for Wales.

Scotland—12.55-1.00 pm The Scottish News. 6.00-6.25 Reporting Scotland. 11.50 News Headlines, News and Weather for Scotland.

Northern Ireland—12.57-1.00 pm Northern Ireland News. 4.18-4.20 Northern Ireland News. 6.00-6.25 Scene Around Six. 11.50 News Headlines, News and Weather for Northern Ireland.

England—6.00-6.25 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Nationwide (London and South East); *Points West* (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
9.30 Trades Union Congress.
11.00 Play School.
11.25-12.45 and 3.00-4.00 pm Trades Union Congress.
4.50 Open University.
6.55 News Summary.
7.00 Strange Sickness.
7.15 Swimming: European Championships from Split.
7.40 Monsieur Mitterrand Takes Over.
9.00 Echoes of War.
10.35 Cartoon Two.
10.45 Newsnight.
†11.30 Laurel and Hardy in "Me and My Pal."

LONDON

9.30 am Sea Horses. 9.40 Friends of my Friends. 10.10 Hands. 10.35 The World We Live In. 11.00 Little House on the Prairie. 11.50 Cartoon Time. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. 1.30 About Britain. 2.00 Closing Ranks. *3.00 Trades Union Congress.* 4.15 Bugs Bunny. 4.20 Get It Together. 4.45 The Extraordinary People Show. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Give us a Clue.
7.30 Keep it in the Family.
8.00 *The Morecambe and Wise* Show.
8.30 The Flame Trees of Thika.
9.30 Frankie Howerd Strikes Again.
10.00 News.
10.30 Minter.
11.30 City of Angels.
12.25 am Close: "Sit up and Listen" with Canon Trevor Beeson.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Sesame Street. 10.30 Hands. 10.55 Cartoon Time. 11.05 The Adventures of Niko. 11.30 Portrait of a Village. 12.30 pm Gardening Today. 1.20 Anglia News. 6.00 About Anglia. 11.30 Anglia Late News. 11.35 The New Avengers. 12.35 am Themes.

ATV

9.30 am European Folk Tales. 9.40 The Stationary Ark. 10.05 Bailey's Bird. 10.30 The Further Adventures of Oliver Twist. 11.00 Sesame Street. 12.30 pm Gardening Today. 1.20 ATV News. 5.15 Give Us A Clue. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 11.30 ATV News. 11.35 Beyond Westworld.

BORDER

10.30 am Sally and Jake. 10.45 Friends of Man. 11.10 Joe 90. 11.35 The New Fred and Barney Show. 1.20 pm Border News. 5.15 Welcome *Back Kotter. 6.00 Lookaround Tuesday.* 7.00 Emmerdale Farm. 11.30 Border News Summary.

CHANNEL

12.30 pm Gardening Today. 1.20 Channel Lunchtime News, What's On Where and weather. 6.00 Channel Report. 6.10 Spiderman. 10.28 Channel Late News. 11.30 James Brown—Soul Brother. 12.25 am Commentaires et Previsions Meterologiques.

GRAMPIAN

9.40 am First Thing. 9.45 Wild, Wild World of Animals. 10.10 The World We Live In. 10.35 Sesame Street. 1.35 *The Flying Kiwi.* 12.30 pm Gardening Today. 1.20 North News. 6.00 North Tonight and area weather forecast. 11.30 The Monte Carlo Show. 12.25 am North Headlines.

GRANADA

9.30 am Dick Tracy. 9.35 *Target the Impossible.* 10.00 Cartoon. 10.10 *Children of the World. 10.35 Bailey's Bird.* 11.00 Sesame Street. 1.20 pm Granada Reports. 5.15 Mork and Mindy. 6.00 Granada Reports. 6.25 *This Is Your Right. 7.00 Emmerdale* Farm. 11.30 Twist in the Tale.

HTV

10.00 am The Last Hastings Lugner. 10.25 "*Coney Island*" starring Betty Grable, George Montgomery and Cesar Romero. 12.30 pm Gardening Today. 1.20 HTV News. 5.15 Sylvester. *5.20 Crossroads. 6.00 Report West.* 6.30 Into the Labyrinth. 7.00 Emmerdale Farm. 10.28 HTV News. 11.30 Police Surgeon.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Cwadi Cwic A'i Ffrindiau. 4.15-4.45 Camigam. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30-12.15 am Ffilmiau Teledu.

SCOTTISH

9.55 am The New Accelerators. †10.20 The Golden Oldies—"Here Come the Huggetts." 12.30 pm Gardening Today. 1.20 News and road and weather. 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Alastair. 11.30 Late Call. 11.35 Quincy.

SOUTHERN

9.35 am Sparrowhawks. 10.00 Young Ramsay. 10.50 Alphabet: the *Story of Writing. 11.15 Stingray. 11.45* How? 1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. *11.30 New Kind of Family.*

TYNE TEES

9.20 am The Good Word. 9.25 North East News. †9.30 Morning Movie: "The Brave Don't Cry" starring John Gregson. 10.55 Sparrowhawk. 11.30 Freetime. 1.20 pm North East News and Lookaround. 5.15 Survival. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 11.30 Enterprise. 12.00 Thoughts of Moving South.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. *5.15 Cartoon Time.* 5.20 Crossroads. 6.00 Good Evening Ulster. 6.30 Bygones. 7.00 Emmerdale Farm. 10.29 Ulster weather. 11.30 Bedtime.

WESTWARD

9.35 am Untamed World. 10.10 George Hamilton IV. 10.25 Bailey's Bird. 10.50 Call It Macaroni. 11.15 Sally and Jake. 11.25 Out of Town. 11.55 Watton Watton. 12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 6.00 Westward Diary. 10.32 Westward Late News. 11.30 James Brown—Soul Brother Number One. 12.25 am Faith for Life. 12.30 *West Country weather and shipping* forecast.

YORKSHIRE

9.30 am Larry the Lamb. 9.40 Wild, Wild World of Animals. 10.05 The Beachcombers. 10.30 Animated Classics. 11.30 George Hamilton IV. 11.55 Watton Watton. 12.30 pm Make *Mine Music.* 1.20 *Calendar News.* 5.15 Bless Me, Father. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.30 The Sounds of Summer.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

(S) Stereophonic broadcast
‡Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.00 Andy *Peebles.* 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Dave Lee Travis with Wheels. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News. Sport. 6.00 Don Durbridge with Much More Music (S). 8.00 Moments Musical (S). 9.00 Marching and Waltzing (S). 9.55 Sports Desk. 10.00 The Arthur Askey Variety Show. 11.02 Sports Desk. 11.03 Peter Clayton with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You And The Night And The Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 *Morning Concert (continued).* 9.00 News. 9.05 This Week's Composer: Martinu (S). 10.00 Chopin and Ravel piano recital (S). 11.05 Rameau ballet suite: Les Indes Galantes (S). 11.30 Clarinet Compositions from this Century (S). 12.10 pm Beethoven concert part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Beethoven concert (part 2) (S). 2.30 French Cello Sonatas (S). 3.10 The Younger Generation (S). 3.50 Rameau (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Bach and Havergal Brian piano recital (S). 7.30 Proms 81 part 1: *Schubert, Strauss (S).* 8.20 Words, Words, Words. 8.40 Proms 81 part 2: Sibelius, Wagner (S). 9.40 The Harshness of Time (impression of the Russian poet, Osip Mandelstam). 10.30 Austrian Violin Music (S). 11.00 News. 11.05-11.15 Dvorak (S).

VHF only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today. 8.45 Love Among Butterflies. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspon*dent.* 10.30 *Daily Service.* 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre (S). 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 *Radio Active (S).* 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 The Red and the Black by Stendhal (S). 4.00 A Sideways Look at . . . 4.15 The Old Books (S). 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News, including Financial Report. 6.30 Out of My Head (S). 7.00 News. 7.05 The Archers. 7.20 This University Business. 8.35 Anthony Hopkins Talking About Music (S). 9.05 In Touch. 9.30 *Kaleidoscope.* 9.59 Weather. 10.00 The World Tonight. 10.30 The Jason Explanation of Myths and Legends (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Weber (Symphony No. 1 in C, Op 19). 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 MMM ... Maitland's Midday Music. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am John Radio 2.

London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBCR sports Midnight. 1.00 am Night Extra. 4.00 LBC Special. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 Roger Scott. 6.30 London Tonight. 8.30 Peter Young (rock music). 10.30 John Sachs's Late Show. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,666

ACROSS

1 Droop before European standard (8)
5 To become Stock Exchange defaulter, get led astray by roll of bank-notes (6)
9 No work in the office—EEC in ruins, possibly (8)
10 Doctor's injury (6)
12 Infernally-bound single paving-piece? (9)
13 Bird getting down well (5)
14 British Airways' hazard? (4)
16 Form of Braille for third party (7)
19 Nullifies Tyneside openings (7)
21 Hull's member is returned, displaying Welsh emblem (4)
24 Tar on downward slope (5)
25 Cowardly procession? (9)
27 Trilby, British, neat bit of baggage (3-3)
28 Sort of race to make Coe blast? (8)
29 Long address of one in business (6)
30 Shallow quality of average headland (8)

DOWN

1 It is dug from the earth, of soil turned over (6)
2 Powerful man does not begin to be related (6)
3 Penny cane snapped—hickory! (5)
4 Fooling about, but poet is treated with gravity (7)
6 Mulled ale bargee consumed—very nice indeed (9)
7 Very hard work for Barnaby in arid environment (8)
8 Ally teed off in proud fashion (8)
11 A duck-egg blue (4)
15 Doomwatch in splinters? (9)
17 Not a studied exposure (8)
18 Political agent, not one to wait and see . . . (8)
20 . . . party having dry time of it (4)
21 Winning ball almost over, delivered badly (7)
22 Left in Paris—how clumsy! (6)
23 Cuts always in squares (6)
26 Left a can of tongue (5)

Solution to Puzzle No. 4,665

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THE ARTS

Courtauld

The Princes Gate Collection

by DAVID PIPER

The Courtauld Institute Galleries have long been one of the great luxuries of London's civilisation, available to all, rich in masterpieces, yet sequestered—perhaps by sheer elevation at the peak of the slowest lift in London as much as by their modest entrance tucked away in Woburn Square. One of the most serenely satisfactory pleasures in all London was there: in a gallery that you were quite likely to have to yourself, to relax on a generously proportioned sofa, absorbing unhurried a wallfull of Cézannes.

The prime appeal has, of course, been the founding collection, the great French paintings of the nineteenth century given by Samuel Courtauld, but the range had been greatly extended by further major benefactions. Now has come one that almost matches, *perhaps even surpasses*, the founder's. The donor, Count Seilern, who died in 1978, was a rich man of most various interests, from big game hunting to motor bicycling. Though above all, he was to prove a dedicated art-historian and collector, he was also of the most resolute privacy. The extraordinary collection that he built up in his house at Prince's Gate, though known from the fastidious and erudite catalogues that he himself composed, *was* very far from public. That is the collection that has come to the Courtauld. Most of its paintings are now on view there, *for one* year, though the selection of drawings will be changed for another one at half time. It is as though an outpost for the National Gallery had been established in Bloomsbury. Yet the man's privacy extends beyond the grave: it is a condition of the bequest that his name shall not be attached to *it and it is known* by the address of the house where it once was—the Princes Gate Collection.

The main emphasis is on early Flemish, up to and most definitely including Rubens, and on Italians. Not that Seilern's interest was *exclusive if aroused*. There is a superb late Cézanne diagnosis of landscape, a Degas, a Pissarro and so on, while the contemporary he most patronised was Kokoschka (including somewhat unexpectedly a souvenir of Polperro). But there is also one of the rare, gem-like little capriccios by Claude, on copper, *and even without the Brueghels*, the Rubens, the Tiepolos, the collection would be a most remarkable one, and one that it *would even now be impossible* to assemble again.

The first rooms show the early paintings. They range from an astonishingly immaculately preserved little triptych, 1338, by Daddi, through to Tintoretto and Parmigianino among the Italians. Amongst the Flemish, Matsys, but above all the Brueghels and the most remarkable and famous triptych by the *Master of Flemalle*, painted in the second decade of the fifteenth century and claimed as the earliest masterpiece of Netherlandish panel painting, pre-Van Eyck but announcing the new realism with intense authority. *Of the two Brueghel* paintings, the grisaille of Christ and the Woman taken in Adultery has a still and *monumental austerity unique in* his work.

To Rubens, a whole room and more is devoted, 27 paintings in all, representing at its peak the famouse variety and abundance of the great painter. The landscapes include the famous moonlit one, that Reynolds cited in his Deiscourses, and both Gainsborough and Constable knew. There are allegorical, mythical and religious subjects; *one of the most intimate and* delicately moving of his portrait groups; several of the small swift preliminary oil studies, breathtaking exercises of virtuosity; a special little *section of his free copies*, drawing nourishment from the masterpieces of his artistic ancestors, Titian and Raphael. *What is lacking are the great* "machines," but the result is that this selection offers an unrivalled introduction to Rubens for those whom the master at full stretch on the largest scale may initially repel.

So it contitnues—a room of 18th-century Venetians, with especial emphasis on oil studies by Tiepolo. Thence into the cream of the Courtauld holding of 19th-century French, supplemented by Seilern Degas, Cézanne, Pissarro, Renoir, Kokoschka. The *last two rooms* hold the first selection of the drawings to be shown. Here, as with the paintings, it is not the *names that compel, resonant* though they be — Brueghel, Rubens, Tiepolo, Cézanne again, plus da Vinci, one of the most elaborate of *all Michelangelo's* "presentation drawings," Rembrandt, Canaletto, and on to Picasso. It is the sheer quality.

The sponsoring of this exhibition by NatWest will be noted with great interest and pleasure. A *problem* that is arising out of insistent encouragement by the Government for commerce and industry to sponsor the arts is that national institutions that have previously relied for the most part on their budget from the Exchequer are now *moving enthusiastically into* fields which they have not exploited with any consistency before. They, especially the *great metropolitan ones, can* offer sponsors far greater "viewing figures," and so presumably a much higher return on "advertisement," than can even the most important provincial gallery. The result may be that it will be even harder for smaller museums and galleries in the regions to attract sponsorship than it was before. That applies no less to the University museums than to the local authority ones, and the Courtauld Galleries is the

The family of Jan Brueghel the Elder by Rubens

private museum of the University *of London. It is not only* the NatWest involvement in a University museum project that is to be welcomed, but also the *report that the negotiations* for the establishment of the Courtauld Galleries, and ultimately, it is hoped, the complete Courtauld Institute, into Somerset House, are looking promising. If the Government can see its way to this, the problem of where to put the rest of the Courtauld collections, at present pushed out of sight by the Seilern acquisition, will be solved—and so will the vexed question of a fitting use for the great rooms in the architectural masterpiece on the Strand.

The major University museums tend to find themselves now in a classic Catch 22 situation: serving the public, rate-payers or tourists, local primary and secondary school *education freely, they can ex*tract only a token, or more likely a minus, contribution from their local authority (who *allows them to pay full rates*) on the grounds that they are national and international concerns, and nothing from the central exchequer directly on the grounds that they are local institutions. Ultimately their main funding is, indirectly, from the national exchequer via the U.G.C. via the parent university, but U.G.C. funds for university museums are not earmarked within the block grant to each university. With the current cutting of grants to universities, it is unrealistic to expect that *they will be able to justify* expenditure on the public functions of their museums at the expense of their proper *academic role — teaching* at undergraduate and graduate levels, and research. The public functions of university museums include, overwhelmingly expensively, that of opening to the public. I have long thought that in the end the only solution for the University museums will be some degree of nationalisation, in the sense that the national museums are nationalised, financed from the national exchequer but with (most of them) their independence guarded by their Trustees.

University museums can still attract fantastic bequests and gifts of objects, like the *Seilern collection*. They can raise money often for purchase of objects, and some times for exhibitions and special events. *What they cannot at present do* is to ensure a reasonably stable income to cover running costs so that they can sustain the housing, maintenance and accessibility of their great collections to the public at a proper level, without a direct grant-in-aid in some form. The Governmen must be urged to take a modest step in that direction, at certainly not more than peppercorn rates, by the allocation of the Somerset House premises to the Courtauld Institute. These collections are part of the national heritage, and so part of the national responsibility.

Cubism show for the Tate

The Tate Gallery is planning Britain's first ever Cubist exhibition in the early summer of 1983. *Called The Essential Cubism*, this will be a relatively small but highly concentrated exhibition, including only works of historical importance and of the highest quality.

The Essential Cubism concentrates on 1907-1919 and on the work of the four great Cubist masters, Picasso and Braque, Gris and Léger. Three-quarters *of the exhibition* will be devoted to their oil paintings, drawings, papier collés, graphics and sculptures.

In addition, there will be a small group of works by other artists in the Cubist circle who attempted to extend and enrich the Cubist language, paintings by Delaunay, Villon, Gleizes and Metzinger, and sculptures by Laurens and Lipchitz. The total number of items in the exhibition will not be more than about 150.

Cardiff

Fidelio by RODNEY MILNES

Harry Kupfer's new production *of Fidelio for* the Welsh National Opera hails, like Joachim Herz's for the London Coliseum, from East Germany, where the pure spring of inspiration represented by Felsenstein has become somewhat muddied over the years. Ideological considerations have outweighed what might be described as his positive *naturalism* combined with investigative social probings, and a hefty injection of Brechtian epic theatre has further compromised a grand tradition. Apply such things to Beethoven's visionary *Singspiel* and the results are, to *say* the very least, questionable. In Cardiff Mr Kupfer plays the text—to be more exact those parts that *suit him; the music he heeds* scarcely at all.

The naturalistic dialogue—or what is left of it in a flat and, in set number, mostly unrhymed new translation by Nicholas Payne that cravenly cuts too many key lines—is delivered in a relentlessly hysterical fashion. Following a highly contentious "interpretation" of one line, Jaquino is presented as a jack-booted young Eichmann, Marzelline as a frightened rabbit; the two of them move jerkily, like puppets. Their music? Forget it. Pizarro is a standard SS colonel, his henchmen pasteboard heavies. One might have thought it impossible to fit that supremely enigmatic character Rocco into this strictly black-*and-white scheme of things. Not* so: he is a cringing, twitching cipher deprived of the authority, of the fallible *humanity* that make him so horribly fascinating. Against these stereotypes the characters of Leonore and Florestan mean little.

Consistency of dramatic development is sacrificed to the passing moment, to the instant theatrical gesture. It is made plain that the prisoners are let out of their cells regularly; why, then, do they sing "O welche Lust?" Why do they advance threateningly on Pizarro in the finale at the words "Wer ein *holdes Weib errungen?*" Because he is unmarried? (That is one of those bits of text that doesn't suit Mr Kupfer.) The finale itself is launched by a mobile platform advancing through Wilfrid Werz's off-white canvas box-set bearing an elaborate *tableau vivant*, and indeed *chantant*, of "freedom fighters" ranging from Jesus Christ via Che Guevara to the PLO. *At the end it retreats*, leaving the stage bare save for a pair of coffins—Leonore's and Florestan's we are to presume, since Beethoven's finale is only Leonore's dream. As an example of People's *Kitsch* this *takes the ruddy* biscuit.

That the music should survive this simplistic reading says much for the conductor, Richard Armstrong, who drew all the passion from the score though not, understandably in the cir*cumstances, all of its human* warmth. His orchestra was not on top form. One longs to hear the Cardiff cast in an adult production. Anne Evans has a real Leonore voice, her tone rich, warm and evenly placed, her phrasing supple and expressive, her stamina properly heroic. Dennis Bailey (Glyndebourne's Bacchus this year) flung himself at Florestan's aria with exciting if rather blatant results. *Richard Morton (a most promis*ing young company tenor) and the excellent Helen Field did what was required of them as Jaquino and Marzelline extremely efficiency. Stafford Dean's firm singing fitted ill *with the bizarre characterisa*tion imposed upon Rocco. The chorus was first-rate.

It is difficult to preserve equanimity in the face of this shallow and desperately old-fashioned staging — Wieland Wagner, *surely*, had the last word on Expressionist *Fidelios* back in the 1950s. But the reduction of a work containing so much human truth to the level of a didactic comic-strip, one that lectures and never questions, precludes equanimity.

Anne Evans

Wigmore Hall

Russian Music

by RONALD CRICHTON

The Nash Ensemble, as their winter subscription series, offer an attractive scheme—six evenings of Russian chamber music and song. Unfamiliar works by composers better known in the worlds of opera and orchestral music are contrasted each time with a major chamber work of *Mozart — potentially dangerous* for the symphonically weaker brethren among the Russians, though no one can justifiably *complain about being put in the* shade by Mozart. The series opened on Saturday with the Mozart E flat Quintet for piano and wind, the concert suite from Stravinsky's *Soldier's Tale*, and rarities by Glinka and Borodin. There was a large audience. The Nash Ensemble's reputation for good playing, appealing guest artists, and skilful programme-building has deservedly won a big following.

Glinka's *Trio pathétique* for clarinet, bassoon and piano and Borodin's Piano Quintet in C minor were both written in Italy. Glinka was ill and miserable, Borodin in much better condition. Thirty years separate the two works. Unhappiness wins, on this showing. Glinka's Trio, four short interlinked movements written to show off the instruments, a *page from the world of Weber's Konzertstueck* is slight but incisively written, the Italianate tunes lightly brushed by *Glinka's personal melodic* grace. Borodin by contrast wambles with pleasing string and piano sonorities, some typical syncopations but only faint hints of the memorable melodic riches to come. Grateful to play, one imagines, and recommendable as a change to medium - difficulty amateur players, *if there are any left*.

Antony Pay shone in Glinka's ornate clarinet writing and the capable pianist Ian Brown managed to give Borodin's finale an impression of greater coherence than one suspects it deserves. But it wasn't until *The Soldier's Tale* at the end of the concert that the players reached their best standard of polish and zest *for sympathy. It was invigorat*ing, after performances where the size of the building blunts the effect, to have Stravinsky's invention flung at one, live and sizzling, in a small hall. The Mozart at the beginning didn't really settle down until the last movement, not rushed for superficial sparkle, but taken at a sensible, easy tempo.

Glasgow Citizens'

A Waste of Time by MICHAEL COVENEY

There were three major events in the British theatre last year. Two, *The Greeks* and *Nicholas Nickleby*, originated at the London base of the RSC and received all due praise and coverage; the latter slipped eventually into media overkill treatment with a cult hysterical following led by Bernard Levin culminating in a *South Bank Show* special and, in three weeks' time, a Broadway opening with all tickets fixed at $100.

The Glasgow Citizens' reduced Proust played last March for one week and has just been revived for a tour of Holland and Germany. It returns to Glasgow for two weeks and a second viewing confirms me in the opinion that Robert David MacDonald's beautiful adaptation is as skilled and perfect a piece of work as any of its more generously subsidised rivals.

David Edgar's *Nickleby* adaptation gave the impression that nothing of the novel had been omitted. Mr MacDonald—responsible in the past for English versions of Piscator's *War and Peace* and Hochhuth's *Soldiers* — takes a series of breathtaking decisions about Proust's *A la Recherche du Temps Perdu* and provides both a wonderfully loyal Proustian distillation and a remarkable vehicle for an expression of company style. Edgar and the RSC have been showered with awards; the Glasgow Citizens', *a long way* from where such things are decided, has had to be content with a bunch of rave reviews and the priceless *appreciation of its supporters*.

Philip Prowse's amazing production has grown in confidence, despite several cast changes. It *is set at that moment* in the last volume where Marcel returns to society and, surrounded by the ancient marionettes of the *Guermantes salon, is given* a terrifying peepshow of the years. Steven Dartnell, impassive, drawn and asthmatic, has his life recreated for him by the production rather than by his determination to erect, at last, an artistic monument. Last March I considered this a weakness in the production. But I now see that no effort is required on Marcel's part to renew himself; the show does it for him and, more importantly, for us.

Once again the stage is an arrangement of large gilded frames within which is played out the human comedy of Swann *and Odette, of Baron de Charlus* and Morel, of Mme Verdurin's gross vanity. The second of the three acts concentrates on *Albertine the prisoner and sweet* cheat defying Marcel's obsessive inquiries in the brilliant schizophrenic device of two actors—*Johanna Kirby as* a crop-haired, volatile Albertine and Gary Oldman as her masculine other half. The evening coalesces into a sensitive account of bisexual instincts, petty jealousies and unrewarded passions.

With incredible bravado we have snapshot eruptions of Saint-Loup and his soldier friends weaving their way through the Parisian low life, and an essential ingredient of the novel, the invasion of the Faubourg St Germain by louche café manners, comes across with stunning force. At the centre, quietly painting at her table, is the Marquise de Villeparisis chivvying Marcel towards a state of self-knowledge. Two of the theatre's directors, Giles Havergal and Mr MacDonald himself, are on stage in the respective guises of Charlus and the old Duc de Guermantes. They establish a grotesque style that is both revealing in itself and an indication of how Marcel now views them.

The use of recorded Beethoven and Gerry Jenkinson's lighting bathes the show in a mood of memory and melancholy. I defy you not to sprout goose pimples during the scene where Marcel first quizzes Andrée on what precisely it was that she got up to with Albertine On this extravagant stage picture, Philip Prowse *effortlessly transposes* vibrant images of the beach at Balbec. Mme Verdurin (Jill Spurrier quite outstanding) suffering headaches at the merest suggestion of the Vinteuil sonata, *Charlus accosting Jupien for the* first time and, finally, for we are now back at Combray, Marcel weeping at Francoise's report *that there is* no message from his mother.

Just as *Nickleby*, one felt, incorporated all that Trevor Nunn has been aiming for in his period at the RSC, so *A Waste of Time* is the ultimate Glasgow Citizens' *statement on their* approach to the theatre. The fact that they have achieved a masterpiece of stage adaptation, *totally* true to the author, is a double bonus. This work will live in my memory for years.

Arts News in Brief

Mr Douglas Cooper, joint organiser of *The Essential Cubism*, a major exhibition to be held at the Tate Gallery in 1983, is lending the Tate, for a two-year period, one of the greatest of Braque's late paintings, *Atelier VIII*.

This was painted in 1953-55, and is one of a series in which Braque painted the interior of his studio, often dramatically including a white bird in the pictorial space. The picture will hang in the Tate Gallery throughout 1982, which is the centenary of Braque's birth. It is now on view in gallery 38.

*

The Sadler's Wells First Dance Subscription Season has already attracted over 3,000 subscriptions and the booking period *has now been extended* from September 18 to October 9 in the hope that 4,000 bookings will be taken. There are top discounts of 37.5 per cent on the six company season, with a maximum price of £40 for seven performances.

The season comprises the Sadler's Wells Royal Ballet; the Sydney Dance Company; Kubuki from Japan; Northern Ballet Theatre; London Contemporary Dance Theatre; and the Ballet Rambert, and continues until *March 1982*.

*

The Vikings exhibition, which opened at the British Museum in 1980, has now been seen by one million people in the UK and the U.S. and is still attracting crowds in Stockholm. Profits from admissions to the British Museum exhibition are to go towards establishing a permanent display of Viking antiquities and archeological material at the Yorkshire Museum in York. York was the Viking capital in England. A *cheque for £30,000, a first* instalment, will be handed to the Museum on Wednesday, September 9. In its five months at the British Museum the Viking Exhibition was seen by 450,000 people.

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The U.S. and South Africa

WASHINGTON'S claim to have made considerable progress on a plan for Namibian independence deserves a warm welcome, but one that must, for the time being, be marked by some reservation. If it is true that South Africa has now, after an apparent hiatus, renewed its acceptance of the basic UN framework for independence, that would be really good news; but there are several grounds for scepticism.

The first is that the U.S. claim sits uncomfortably with South Africa's behaviour on the ground: its incursions into southern Angola do not appear to be over, despite Pretoria's assertions to the contrary, and its military activity in that country appears to be directed as much against the Angolan army as against the guerrilla forces of the South West African People's Organisation (Swapo).

Intransigence

The second reason for scepticism is that South Africa clearly has an interest in trying to reassure the U.S. that its intentions are peaceful and honourable, while the U.S. has an equal interest in wishing to believe such reassurances, not least in view of the disastrous public relations impact of its veto on last week's UN Security Council Resolution condemning the South African invasion of Angola. Soothing noises from Pretoria are, at *this* time, exactly what one would expect, but not necessarily what one would believe.

The third reason for scepticism lies in the assertion by Mr Alexander Haig, U.S. Secretary of State, that it is only by maintaining good relations with South Africa that the U.S. can hope to influence South African attitudes. The problem here is that this is precisely the policy which the U.S. has long pursued *vis-à-vis* Israel. Just as it is arguable that its long-standing support for Israel, so far from maximising U.S. influence, has actually encouraged Israeli intransigence, so it is arguable that its (somewhat more qualified) bias in favour of Pretoria may diminish rather than enhance the prospects for peace in Namibia.

Surrounded as it is by hostile black African countries, South Africa's nervousness at the prospect of a hostile regime in Windhoek is understandable. But the question that needs to be asked is whether, so far from seeking a settlement in Namibia, South Africa is deliberately stirring up conflict in the region by its incursions, ostensibly in hot pursuit of Swapo guerrillas, into Angola. The production of one captured Russian NCO proves nothing, and it certainly does not justify South African aggression; but Pretoria may believe it can be used to play on anti-Soviet sentiment in Mr Reagan's America, and it may even be prepared to provoke *increased* Soviet and Cuban involvement in Angola in order to lend further credibility to its own role (in American eyes) as a defender of western interests and values.

Package

There is undoubtedly room for concern at the presence of Cuban and Soviet soldiers in Angola, and that is by no means purely a South African concern. Even the Angolan government concedes that it has a bearing on the Namibian issue, and has said that the troops would go after a settlement in Namibia, and after South Africa stops helping the forces of the Unita movement in the south of Angola. But to insist on a programme for departure of these troops as part of a Namibia package would seem to be overloading a negotiating process which is already complicated enough.

The trouble is that the Reagan Administration has made no attempt to appear to be neutral as between Left-wing and Right-wing regimes, and that Washington's emphasis on the importance of South Africa, in geopolitical as well as in mineral terms, certainly gives the impruession of bias.

Premature

America is not alone in betraying bias: the UN Assembly presumption that Swapo is the only legitimate representative of the Namibian people is premature to say the least, and there is a strong case for trying to ensure before the event that an independent Namibia provides adequate safeguards for minorities, including the 10 per cent who are white.

To suspect that the American administration may have been simply taken in by smooth words from Pretoria could prove to be unduly cynical. If South Africa is now genuinely prepared for a UN presence in Namibia, that would represent a very real step forward, but it would be reassuring if the indications of a change of attitude in South Africa were to come from Pretoria rather than from Washington.

Herr Genscher's Europe

THE Foreign Ministers of the European Community, meeting in Hertfordshire last weekend, seem to have taken a small step forward towards the greater institutionalisation of their co-operation on foreign policy. They agreed in principle that there should be more secondment of personnel from the foreign ministries of member states to the country which holds the Community Presidency. The Presidency rotates on a six-monthly basis and is at present held by Britain.

On the face of it, that looks like no more than a diplomatic footnote to the history of the Community. Certainly it falls far short of proposals that have been around intermittently for the past 20 years or so for a common European foreign policy and, sometimes, for a permanent secretariat to go with with it. But there may be more to come before the British Presidency is out at the end of this year.

Co-operation

The Foreign Ministers are now drawing up plans for the strengthening of political co-operation — or Poco, as it is known in the trade—and hope to have them ready within a few months' time. There may be still no foreign policy treaty or even permanent secretariat, but at least there is movement and it does not seem to be being blocked by any particular member state, whether France, Britain or anyone else.

The Foreign Minister who has been most explicit about what might be achieved is Herr Hans-Dietrich Genscher of West Germany. In a series of articles, interviews and speeches in the course of this year, Herr Genscher has suggested that the existing rather *ad hoc* political co-operation should be turned into treaty form. The word "treaty" has not been used every time, but at least he is looking for something more binding than the present arrangements.

His logic is briefly this: Poco has nothing to do with the Treaty of Rome which established the Community, but the need for it exists if Europe is to present a common stance to the rest of the world. In something like treaty form it could become, as he wrote last month, the Community's second pillar: after all, the Common Market has shown, like the German *Zollverein* before it, that a customs union alone does not automatically lead to political unification. Further impetus is required.

Herr Genscher has gone wider and proposed that a new European treaty might also cover cultural co-operation and his latest article suggests a council for security questions and greater standardisation of legislation within member States.

There may be some special German reasons for this: if so, they should be taken seriously. For example, German adherence to the Community or to the Atlantic Alliance is not quite what it was, at least if we believe the public opinion polls and the left wing of the Social Democrat Party. As Herr Genscher wrote: "Even in our own country, we can hear voices which seem to suggest that Europe signifies the Europe of the other countries for whom we are reluctant to pay our contributions—and not the place for our own German future." Greater European integration is surely a price worth paying for a resurgence of German nationalism in left wing guise.

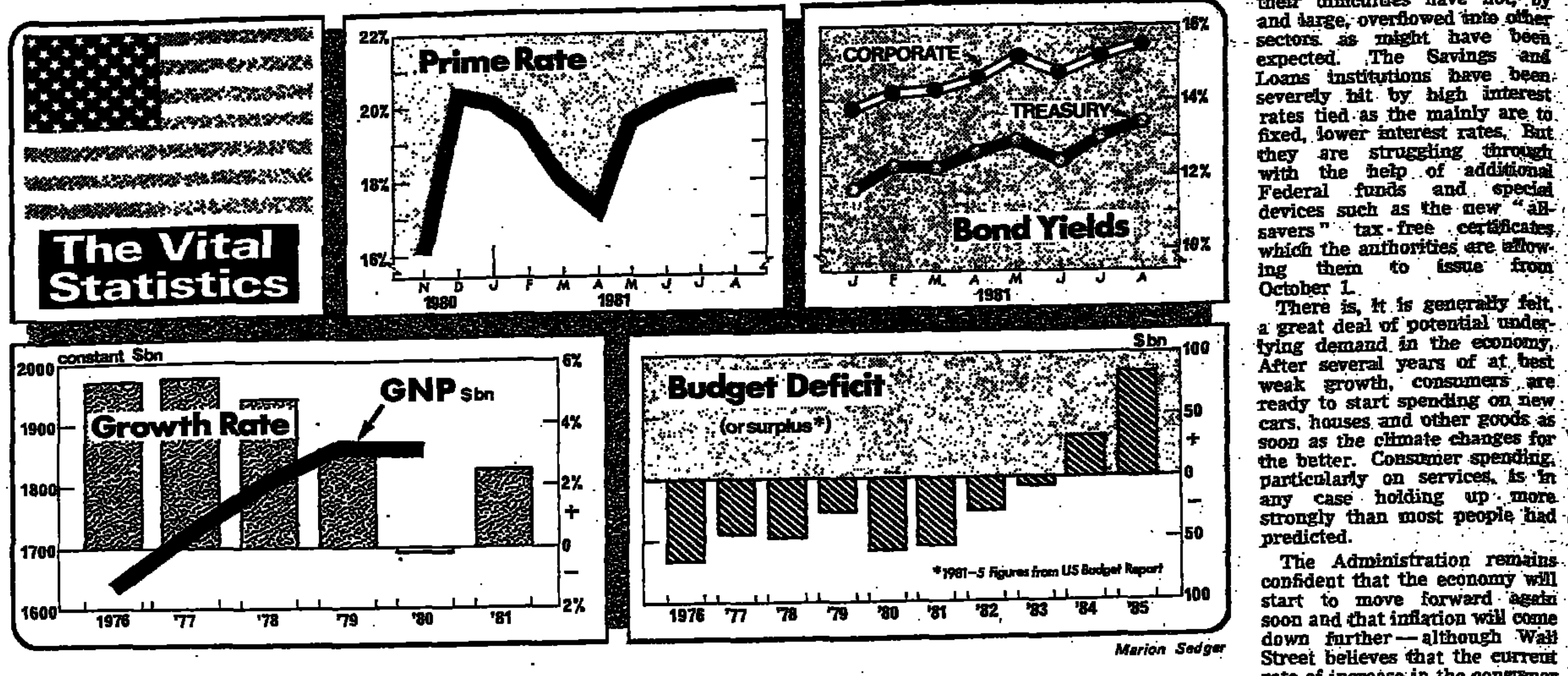
Proposals

The trouble is that the status of Herr Genscher's proposals remains unclear. He is Foreign Minister, Vice-Chancellor and leader of the Free Democrat Party, the junior partner in the ruling coalition. But he does not seem yet to have convinced Herr Schmidt, the Social Democrat Chancellor. No draft German plan is on the table.

And yet the time is ripe. There is no known reason why the new French Government should be against a more highly developed European foreign policy. In Britain, Mrs Thatcher and Lord Carrington at the Foreign Office should welcome it. They should start to say so in public. If they do not, the chances are that we shall be obliged to settle for the secondment of a few more diplomats —worthwhile in itself, but hardly headlines.

From euphoria to uncertainty

By Reginald Dale, U.S. Editor in Washington



THE AUTUMN political season opens in Washington this week with President Reagan's team in an unusually sombre mood. There is little trace of the euphoria that prevailed just a month ago —in the wake of a series of smashing Congressional victories that had seemed to lay the main planks of the Reagan economic programme and pave the way for a brighter future.

While the President has spent his time riding and chopping wood at his California ranch—breaking off occasionally for meetings with his chief advisers —scepticism about his economic policy, long felt on Wall Street, has begun to infiltrate the corridors of power in the nation's capital.

Nobody is yet questioning Mr Reagan's political flair or his manifest skill with Congress. But increasingly searching questions are being asked as to whether his economic programme, introduced with such a spectacular flourish at the end of July, can work in practice. One of the President's first tasks this week, as the nation returns to work after yesterday's Labor Day holiday, will be to tackle the unpalatable issue of cuts in the massive U.S. defence build-up he has set in train to restore America's strategic superiority over the Soviet Union by the end of the decade.

He will also have to consider an equally painful round of new, non-defence cuts in the $700bn 1982 budget, in politically sensitive areas such as social security, just a few weeks after triumphantly shearing it of an unprecedented $35bn, at the expense of considerable political capital.

Ironically, it is Wall Street that has blown the whistle. If the Reagan Administration is criticised, it is usually on the grounds that it concentrates too much on the interests of big business and the wealthy.

The unpalatable issue of cuts in the defence build-up

Yet it is the investors and traders in New York who are the loudest critics of the economic programme at the moment.

Wall Street has fallen to its lowest level since June, 1980, and the bond market has collapsed at a time when Reaganite wisdom supposed that confidence should be returning. The biggest tax and spending cuts in American history have been voted through Congress and the markets were meant to respond with a surge of enthusiasm —viable capital markets are essential if Mr Reagan's goals of a dramatic increase in economic growth and investment are to be achieved. There is a bitter feeling in Washington that the money-men have let the side down.

Wall Street's analysts and traders insist that such a charge is unfair. Most still believe in the principles of Reaganomics and would rather have Mr Reagan in the White House than anyone else. The problem is that few of them can persuade themselves that the programme as it now stands can achieve its objectives.

Any discussion of the American economy on Wall Street these days will sooner or later —almost invariably sooner—get round to the budget deficit. Mr Reagan's mistake, in the virtually unanimous view of the New York experts, was to allow massive tax cuts to go through ($750bn over the next five years) before he had fully worked out the spending cuts to match them—and at a time when he was confidently planning to increase defence spending in real terms by 7 per cent a year. "He gave us a package, but he forgot to tie the bow on it," in the words of one trader.

Mr Reagan's task this week will be to find enough additional cuts to ensure that the deficit for fiscal 1982, which starts on October 1, is in line with the $42.5bn which Mr David Stockman, his Budget Director, has proclaimed to be an "iron ceiling." Further huge cuts must be found in fiscal 1983 and 1984 if he is to come anywhere near his goal of balancing the budget by 1984.

Most private forecasters now put the likely 1982 deficit at $60bn or more, rising further in the two following years, if nothing is done. Mr Milton Hudson, chief economic analyst at Morgan Guaranty, believes that savings of around $75bn must be found in the next couple of years if the deficit is to be brought under control.

Mr Alan Greenspan, a former chairman of the Council of Economic Advisers and one of the architects of Reaganomics, says the New York markets are currently acting on the presumption of a $60bn-$70bn deficit in 1984. But this may, perversely, work to Mr Reagan's advantage.

If the deficit forecast for 1984 can be brought down to $30bn-$40bn, halving the market's projection, that will be considered a substantial achievement, in Mr Greenspan's view. Other analysts agree that it is not necessary to produce a "zero" balance in the 1984 budget. What is important, they say, is to establish convincingly a firm "downward directional trend."

Most active market traders, on the other hand, do not care a hoot about the 1984 deficit, or even the figure for 1983. Wall Street reacts so nervously to short-term economic developments and indicators that those dealing in the market are interested only in 1982 at most —some of them confess they are interested only in the next 15 minutes. But there is general agreement that cuts in planned 1982 defence spending of $222bn are a *sine qua non* if confidence is to be restored.

The markets' worries are twofold. First, they do not believe the protestations of Administration members such as Dr Beryl Sprinkel, the Treasury Under-Secretary for Monetary Affairs, that the deficits need not be inflationary. Secondly, the Government requirement for financing the deficits crowds other borrowers out of the financial markets. Less creditworthy borrowers such as municipal and local authorities and small and medium companies are being squeezed right out of the bond market. Whatever else happens, the Government must raise $35bn on the financial markets in the last quarter of this year, and another $20-25bn in the first quarter of calendar 1982. That is bound to have a heavy impact on a market expecting to raise $400-600bn this year.

On top of that, dealers and borrowers are increasingly unable to afford the near-record interest rates that few, if anyone, thought would last so long. So many fingers have been burnt that, in the words of one dealer, "an awful lot of feet are on desks," as traders stay out of the market.

"He gave us a package, but he forgot to tie the bow on it"

Wall Street analysts say that their normal economic models all suggest that rates should be several points lower—enough to allow for a little expansion in the economy. The only explanation they can offer is that there is an extra psychological "uncertainty factor," stemming from so many disappointed expectations in the past. There are strong memories of President Carter's spectacular failure to balance the budget in the fourth year of his term.

Persistent high interest rates are now acknowledged by the Administration to have thrown out its budget calculations for 1982, by steeply increasing the cost of deficit financing. The forecasts could be further disrupted if economic growth does not pick up towards the end of the year, or early in 1982, as the Reagan economic team has consistently predicted.

Growth is needed to increase tax revenue and reduce outlays on social security. And yet, in the view of most Wall Street economists, the upturn, if it comes, will be later rather than sooner. Mr Greenspan believes that the upturn will be about six months later than the Administration thinks.

Mr Henry Kaufman, of Salomon Brothers, says that for the foreseeable future the economy will continue in a state of "spurt and sputter"—spurting under the influence of the Reagan tax cuts (starting with a 5 per cent cut on October 1, followed by two 10 per cent cuts in July, 1982 and July, 1983) and sputtering as the Federal Reserve holds back growth through tight money policies.

This comes to the heart of the contradiction in Reaganomics as many Wall Street economists see it. President Reagan is on the one hand trying to promote growth and investment through supply-side economics and tax cuts. On the other, he is choking growth by encouraging the Federal Reserve to pursue exceedingly restrictive monetary polices which have contributed to the high interest rates that many companies cannot afford if they are to make a profit on new investment.

There have been signs in recent days that Mr Reagan may be distancing himself a little from Mr Paul Volcker, the chairman of the Federal Reserve—"setting up the Fed to take the rap" for continuing high interest rates, in the view of many people on Wall Street. But the Administration still supports the Fed's tight money policy.

The Fed slightly loosened the screws in July and August, when it found it was undershooting its already tight monetary targets. But Wall Street believes that phase is now more or less over. Certainly the Fed seems to have no intention of abandoning its targets—a point Mr Volcker has recently firmly repeated—at least until it is sure that inflation is firmly under control. ("Inflation" in Mr Volcker's public parlance, is seen on Wall Street as a polite way of referring to the budget deficit.)

Most Wall Street people believe that the combination of tight money and high interest rates could lead to one or more unexpected and spectacular bankruptcies—at least if it continues for a few more months. If that were to happen, there would be a shocked reaction throughout the rest of corporate America that might lead to widespread restructuring, lay-offs and closure of inefficient plant. Many New York analysts believe that would be a salutary shake-out.

But the point repeatedly made by the market-watchers is that the economy and business have so far survived the period of unprecedented and unexpected hig interest rates remarkably well. There is great confidence in the underlying strength and resilience of the U.S. economy.

Two major sectors, the auto industry and housing and construction, are suffering severely from the credit squeeze. But their difficulties have not, by and large, overflowed into other sectors as might have been expected. The Savings and Loans institutions have been severely hit by high interest rates tied as the mainly are to fixed, lower interest rates. But they are struggling through with the help of additional Federal funds and special devices such as the new "all-savers" tax-free certificates which the authorities are allowing them to issue from October 1.

There is, it is generally felt, a great deal of potential underlying demand in the economy. After several years of at best weak growth, consumers are ready to start spending on new cars, houses and other goods as soon as the climate changes for the better. Consumer spending, particularly on services, is in any case holding up more strongly than most people had predicted.

The Administration remains confident that the economy will start to move forward again soon and that inflation will come down further—although Wall Street believes that the current rate of increase in the consumer price index (an annual 8 to 9 per cent) cannot fall much further. Unemployment has been inching up, but not dramatically, and some, if not all Wall Street watchers, are confident that a new surge of wage increases can be avoided.

The curent rate of unemployment is 7.2 per cent, while earnings are rising at around 9 to 10 per cent.

The main problem for the supply-siders is to ensure that some of the extra income generated by tax cuts is diverted into investment, not just into increased spending. Despite some cynicism, Wall Street is reasonably confident that this could happen, at least as far as higher income families are concerned.

But if the new surge of investment is to take place, it is clear that the capital markets must be functioning properly. Wall Street does not believe that they will so long as interest rates stay at their present levels and there are no clear signs that the budget deficit is being tackled decisively. There is no shortage of money to be invested in the right conditions.

Tight money and high interest rates could lead to bankruptcies

The point is not lost on President Reagan. He does not want to be forced into a U-turn on his economic policy. The Administration still believes that its programme can be made to work. It is less breezily optimistic than only a few weeks ago, and many people in Wall Street believe it has missed the magic moment at which the economy could have been turned round. But Mr. Reagan's new readiness to tackle hitherto sacrosanct defence spending is a clear indication of his determination to stay the course, however painful it may be.

MEN AND MATTERS

Government cuts

It was Lloyd George, I think, who listed an ability in butchering as an essential part of a Prime Minister's stock-in-trade. And in spite of her well-publicised distaste for that aspect of the job, Margaret Thatcher is expected to steel herself to it in the next couple of weeks.

Getting rid of anyone may be a horrid business, as she told the Sunday Mirror, but then "you have to keep the dynamic going" and that means despatching some unfortunate colleagues.

What words, I wonder, will she find to soften the blows? None of her recent precedessors found it easy, though Harold Macmillan tried valiantly with sporting metaphors: "You have had a long innings and it is time you retired to the pavilion."

Few Prime Ministers have been any better at conveying their welcome to the newly-promoted than in easing the departure of old guards. Anthony Eden recalled in his memoirs that Baldwin, having rejected two of his suggestions for the post of Foreign Secretary, gracelessly concluded: "It looks as if it will have to be you."

Nor does a Government appointment necessarily imply Prime Ministerial recognition. Left-wing lawyer Geoffrey Byng enjoyed a brief and unexpected spell as a Government Whip under Attlee until the Prime Minister asked what he was doing on the front bench.

Double fault

What chance of accord between the two sides of industry when the TUC and CBI cannot even get together socially without major misunderstandings.

Three TUC officials—assistant general secretary David Lea, director of public relations Brendan Barber and Press officer Mike Smith—gathered in the lobby of Blackpool's Imperial Hotel on Sunday dressed for tennis.

Their putative partner to make up a pre-conference doubles match CBI director of information Keith McDowall arrived with a bag of golf clubs.

The TUC men prevailed upon McDowall to take to the courts rather than the course, attired in borrowed TUC sportswear. It is not known whether they gave him a racquet or left him to do the best he could with a pitching wedge. But, allied with the sporting Lea, McDowall went down to ignominious defeat at the hands of Barber and Smith. Left-wingers interpreted the outcome as the come-uppance to be expected by those who pursue collaborationist policies.

On his metal

A writer of paperback thrillers might have made considerable capital out of the career of economic consultant Horace Brock over the last nine months. "High finance, big business, international politics, powerful South African interests, the timeless lure of a fortune in gold bullion . . ."—all the ingredients of a blurb-writer's dream are there. But Brock's Goldfinger-like dedication to the yellow metal has in fact been in the temperate interests of academic research rather than the pursuit of ill-gotten gains. For his task has been to provide a medium-term forecast for the future price of gold, and he will be unveiling the fruits of his work at a seminar this morning.

Brock has carried out the study for the Anglo American Corporation which has a natural interest in these things. He has talked to over 80 sources in 15 countries, ranging from international bankers to trend-setting fashion designers, and has arrived at a series of probabilities for the price-bands which gold may reach in five or six years' time.

All of which sounds like a substantial hostage to fortune, given the roller-coaster behaviour of the gold price over the last year. But Anglo has evidently chosen its man with care, for Brock characterises his particular field as the "economics of uncertainty." His academic credentials are impressive enough—five degrees from Harvard and Princeton, six years at the Stanford Research Institute, membership of President Ford's task force on synthetic fuels, and now, at 35, his own consultancy firm in California.

The bull-point for the punters is that Brock says he views the future of gold "rather optimistically." But he is not, he stresses, a goldbug himself, despite his rather bearish outlook of financial stability elsewhere. For his next study, he hopes to piece together a subscription list from the banking world for research on "whether the West is going broke."

Enlisting bank

Britain's Midland Bank, pursuing its ambition to become a truly international institution, is collecting not only foreign banks but foreign bankers, too. Its latest acquisition is Herbert Jacobi, who announced yesterday that he will be quitting his job as one of five general partners at Frankfurt's DM 20bn BHF-Bank.

A familiar face at Midland for the 46-year-old Jacobi will be Frenchman Herve de Carmoy, now head of Midland's European operations. The two met 17 years ago on the Chase training programme, and were subsequently colleagues at Chase in New York. Jacobi, reckoned to be one of the few bankers whose natty sartorial taste is the equal of de Carmoy's will be helping his new boss to build Midland's European network. He will, for instance, be joining the Board of Trinkhaus and Burkhardt, Midland's recently-acquired German platform.

Observer

Scotland is now a leading European microchip centre, but there has been little local business spin-off. **Guy de Jonquieres reports**

Why the Silicon Giants are in the glen

ABOUT FOUR years ago Mr James Callaghan, then Prime Minister, first learned about the wonders of the silicon chip from a BBC television programme. He was also alarmed to discover that Britain risked falling behind in the international microelectronics race and was heavily dependent on supplies of imported chips.

Today, the UK is the home of one of the largest microelectronics manufacturing industries in Europe, with new capacity being added rapidly. The transformation is due, however, more to sizeable investments in plant by powerful U.S. and Japanese companies than to the efforts of British manufacturers, which have mostly proceeded at a more modest and cautious pace.

The recent influx of foreign capital, technology and management skills—salted with generous British Government grants—has helped to create several thousand new jobs and to assure Britain of an ample onshore supply of semiconductors. Since much of the production—up to three quarters in the case of some companies—is destined for markets abroad, the trade balance should also benefit.

But there is little evidence so far that implantation of microelectronics manufacturing has directly enhanced awareness in the rest of British industry of opportunities to apply the chip to products and processes. Nor has there been a powerful upsurge of entrepreneurial initiative to cash in on technological spin-offs. In short, the spirit of California's Silicon Valley, forcing house of U.S. microelectronics innovation, has not been recreated in Britain yet.

Many of the recent foreign investments have gone to Scotland and are located in the Central Lowlands plain stretching from Edinburgh to Glasgow. Inevitably, if somewhat inaccurately, it has been nicknamed "Silicon Glen." It now contains the densest concentration of semiconductor manufacturing to be found anywhere in Western Europe, with annual output worth more than £100m and employing some 36,000 people, about 7 per cent of Scotland's manufacturing labour force.

According to the Scottish Development Agency, which has enticed many of the new arrivals, Scotland accounts for 36 per cent of total UK semiconductor production. Its share is expected to rise to 50 per cent within the next two years as a result of fresh investments of about £150m announced by foreign companies since 1979.

Much of the new plant is to make mass-produced "standard" chips, which form the biggest and most aggressively-contested part of the $14bn world semiconductor market. Within the past month two of the market leaders, Motorola of the U.S. and Nippon Electric (NEC) of Japan have announced projects in Scotland worth £60m and £40m respectively.

Several U.S. microelectronics companies have had operations in Scotland for a decade or more. General Instrument set up there as long ago as 1968 and was followed by National Semiconductor, Motorola and Hughes.

The rest of Britain's microelectronics industry is scattered widely across the country. The only company outside Scotland which is dedicated exclusively to "standard" chip manufacture is Inmos, the venture set up by the National Enterprise Board to challenge the domination of U.S. and Japanese companies.

Inmos has built itself a lavish new plant in Colorado in the U.S., which recently entered production. Its first British plant is under construction near Newport, in South Wales, and will start manufacturing next year. Newport will also have a design facility, which is intended to assume increasing responsibility for the development of new products.

The emphasis in the rest of the industry is more on the production of "custom" and specialised integrated circuits, more expensive chips designed for specific applications. Companies operating in England include the British-owned General Electric Company (GEC), Plessey and Ferranti.

Why have foreign companies flocked to Silicon Glen? Part of the reason is substantial Government grants. These can cover up to 40 per cent of initial investment costs, no mean incentive for an industry which is struggling to finance plant and equipment spending worth more than $2bn a year. In the past three years, central Government aid for microelectronics companies in Scotland has totalled about £40m—equal to roughly half the £85m state commitment to Inmos.

But money is not the only attraction. Living costs in Scotland are lower than in many Continental countries, communications and transport facilities are reasonably good and there is an adequate supply of suitable graduates available from Scotland's eight universities.

Companies also cite as reasons for staying the helpful attitude of the SDA and other local authorities and the stability of the labour force.

A common complaint about U.S. microelectronics companies is that they transfer manufacturing abroad but keep their technology at home. Most still do their most sophisticated research and development work in the U.S., though several have begun to decentralise responsibility for component design.

Both National Semiconductor and General Instrument have design facilities in Scotland which do some original product development as well as adapting U.S.-designed products to the European market. Motorola has a European design centre in Geneva but may transfer some of its work to its soon-to-be-exanded factory in East Kilbride, near Glasgow.

It is the dream of officials in the SDA and the Scottish Office that the presence of the Silicon Giants will somehow catalyse the development of local high-technology industries, bristling with innovative flair and entrepreneurial initiative. So far, their hopes remain unfulfilled: Scottish companies have been slow to respond even to the semiconductor industry's requirements for less sophisticated sub-contract work.

Scotland has attracted a spread of electronics equipment manufacturers. Most are offshoots of already established companies like Ferranti, Plessey and GEC of Britain or Hewlett Packard, the U.S. instrument and data processing manufacturer. Some, like the American Burroughs computer group, have been in Scotland for as long as a quarter of a century.

Local new ventures can be counted on the fingers of one hand. Among the more promising are Rodime (computer storage discs), Flexible Technology (printed circuit boards) and Fortronics (banking terminals). Scotland's traditional engineering companies, which need badly to update their ageing product ranges, seem largely indifferent to opportunities for applying microelectronic technology.

Scottish civil servants are anxiously seeking ways to excite private sector interest. One is Inmap, a recently-announced scheme to help manufacturing industry learn about and apply microelectronics. It has been set up, with discreet Government prompting, by Computer Applications Services, part of Heriot-Watt University, and the Wolfson Institute, an electronics development centre attached to Edinburgh University, which acts as a bridge between industry and the academic world.

Inmap has attracted a powerful ally, the Royal Bank of Scotland, which plans to extend the scheme directly to its customers through its branch network. But some of those directly involved wonder whether technological evangelism is all that is needed.

Dr Ronald Mackie, deputy director of the Wolfson Institute, says that a number of small companies have been set up recently by electronics engineers who have left bigger firms to exploit bright ideas of their own. But too often they are inadequately financed, lack management experience and have failed to research the potential market for their brainchild.

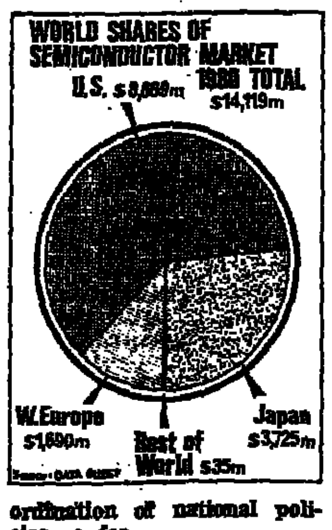
If Scottish hopes have been disappointed, it is perhaps because they were misplaced. Most of the American companies that have set up in Scotland may have started out as carefree children of Silicon Valley. But today they are muscular giants with huge capital expenditure budgets, extensive international operations and annual sales worth billions of dollars.

From their bases in Silicon Glen, their sights are set not particularly on the Scottish or even the UK economy, but on a vast and highly-competitive world market.

Scotland's experience to date suggests that success in attracting foreign investment goes only part of the way to building a thriving economy based on high technology. Completing the task is also likely to require a private sector with the talents to spot new business opportunities and the energy to pursue them aggressively.

NARROWING THE "silicon gap" is a matter of concern for many governments in Western Europe, which accounted for more than a quarter of the $14bn semiconductor market last year. But the $1.7bn production by its roughly two dozen indigenous manufacturers last year covered less than half of Europe's $3.7bn needs according to Dataquest, a U.S. research house.

Several European governments have launched state-funded programmes to boost electronic components and national production of micro- encourage their application by industry. The EEC Commission is also urging Community-wide measures to reduce foreign dependence, but there has been little co-ordination of national policies so far.



The aims and scope of the approaches taken by different European countries vary. In France, the state is spending FFr 600m to back joint ventures between several French companies and leading U.S. manufacturers to mass-produce chips. The bargain is that the Americans get access to the French market and some financial support in exchange for contributing technological know-how.

The joint ventures are a key part of France's ambitious plans to become a world force in communications and electronic information systems. The state is investing massively in modernising its national telecommunications network and in a drive to export information technology products. The strategy was drawn up by the last Government and has not so far been much changed by President Mitterrand.

In Germany, the Government has pumped DM 2.7bn into microelectronics research and development and DM 2.4bn into computer research in the past six years. The money has been split between state research institutes and German companies, including Siemens and AEG-Telefunken.

A number of German companies have matched or exceeded Government support with investments of their own. Siemens has been particularly successful in building up its microelectronic production capacity in the past few years and is now Europe's second biggest manufacturer after the Dutch Philips group.

In Italy, the principal semiconductor manufacturer is SGS-Ates, part of the state-owned IRI group. In spite of substantial Government support it has lost money in recent years. But a new American-trained management team is seeking to turn it round and expand international sales, particularly in the U.S.

LEADING MANUFACTURERS OF SEMICONDUCTORS

(1980 shipment estimates)

$m

Top W. European		Top U.S.		Top Japanese	
Philips*	558	Texas Instrts.	1,580	NEC	769
Siemens*	420	Motorola	1,100	Hitachi	658
AEG-Telefkn.	196	National Semi	770	Toshiba	629
Thompson-CSF	190	Intel	575	Fujitsu	419
SGS-Ates	150	Fairchild	566	Matsushita	300
Plessey	49	Signetics	384	Mitsubishi	254
Ferranti	48	Mostek	330	Sanyo	180

* Excluding U.S. subsidiaries

Source: Dataquest, July 1981

Letters to the Editor

The rating system

From Mr N. Owen

Sir,—Commentators, including Malcolm Rutherford (September 4) appear to assume the "necessary" demise of rates as a form of taxation. There is a real danger that sound taxation principles will be overthrown by political expediency, if rational argument is not aired before the promised Government paper on local authority finance.

The rating system is not breaking down. It is being abused in confrontation between central and local government. The very high gearing inherent in government contribution to local authority income means that the effect of local authorities failing to meet government targets is multiplied many times in rate demands.

The principle of rating is fair as between occupiers within a single rating authority area, provided revaluation is regular and perhaps based on capital values for residential property. It is however wholly unfair between ratepayers in local authorities with different ideals.

The rateable value reflects reasonably the assets utilised by the occupier and represents a base for a taxation that is closer to the consumption of local services than local income or sales taxation, as well as being cheap to administer and collect.

The present failure of rating is the variable rate poundage fixed by local authorities. This results in part from the failure of Government to find the right formula for comparing local authority expenditure, and in part from the political nature of local spending decisions.

Commercial occupiers are beginning to argue for the abolition of rating on the grounds that they have to pay their rates without the right to vote for the authority that fixes the tax level. Surely the same applies to corporation tax, VAT, and other taxes.

What is the remedy, then, to take rates out of the political arena, so that their merits as a tax can be properly considered? It is to contain the growth of rate poundage, between revaluations, possibly in line with the retail price index, and collect rates centrally as a contribution towards their allocation of local funds.

Alternatively the problem can be reduced by cutting out the gearing effect of Government support, so that one third of local income does not bear the marginal shifts of the whole of local expenditure. The funds available from rating might even be specifically allocated to the most relevant local services, while other services such as education are funded and argued centrally.

The choice of method is a political one, but it should be taken in the light of the real taxation principles involved.

N. A. S. Owen.
Herring, Son and Daw,
26-28, Sackville Street, W1.

Mining at sea

From Messrs. L. Georghiou and H. Cameron

Sir,—While wholeheartedly supporting your sentiments about the need for a compromise at the UN conference on the law of the sea (September 3), we would take issue with two points you make.

The first of these concerns the estimates you quote of the recoverable metals contained in manganese nodules. The ocean floor is as yet relatively unexplored and estimates of the total quantity of nodules and their contained metals must be seen as tentative. The more relevant figure, that of economically recoverable metals, is in addition dependent upon other uncertainties such as long-term metal prices, and costs of novel technologies. The estimates you quote give a misleading view of the relative quantities of metals (240m tonnes cobalt, 290m tonnes nickel, 6m tonnes manganese). In initial mine-sites nodules are expected to contain on average about 1.3 per cent nickel, 1.1 per cent cobalt, and 30-40 per cent manganese.

Second, you describe the proposed production quotas as protecting the interests of the "land-based mines in countries such as Zaire and Zimbabwe, but also Canada." As the limits cover only nickel production, the major beneficiary will be Canada, with little or no protection being given to cobalt producers such as Zaire. Thus ocean mining is made to suffer unnecessarily, without fulfilling the Treaty intention of protecting developing country producers.

Once the conference issues are resolved it is to be hoped that British industry will take advantage of the potential markets arising from the exploitation of this immense resource.

Luke Georghiou,
Hugh Cameron.
Marine Resources Project,
University of Manchester,
Oxford Road, Manchester.

Ad. production costs

From the Chairman, JDM International

Sir,—With regard to your article of August 27 I have long identified the difficulty of film production costs for advertisers in the international market.

There are several problems. As long as production costs are commissionable charges by which advertising agencies gain, it cannot be expected that they will strive to keep them down. While advertisers are free to increase the costs of their products in the marketplace, suppliers should not necessarily be expected to keep their costs down. There has to be a simple, sensible solution and this could be for everyone to adopt ordinary market-place strategies, look at the actual costs and give advertisers, agencies and suppliers fair prices for their work which will then bear a reasonable relationship to the actuals.

As things stand originating suppliers, especially in film, take it for granted that the excellence of their origination will be paid for by loading their bills. They are quite right because that has been the only way they can recover the cost of excellence. In a way it has been a wink and nod business, where nobody cared what a good job cost when markets were buoyant and sales continually expanding.

Internationally, the picture changes dramatically. What the advertising business needs is a fair appraisal of production costs in a global context together with a separate evaluation of post-production costs. That's the way to obtain good original creative material; and that's the way to get it into print and on air world-wide at the lowest possible price.

Derek Parsons.
9-10, Kendrick Mews, SW7.

Transferring money

From Mr P. Frazer

Sir,—Mr Howard (September 4) attacks the slowness of the "telex transfer" (presumably the telephonic transfer) system. Telephonic transfers are designed for, and supposed to be reserved for, emergencies that could not have been anticipated. They are not designed to provide a service for transferring money for house completions and this has been brought to the attention of solicitors on several occasions. Unfortunately, as Mr Howard's letter demonstrates, this message is difficult to get across and solicitors continue to make excessive use of the system.

This very overuse is itself a major reason why telephonic transfers take hours, not minutes, to complete. The other main reason is the essential security procedures. To prevent criminals breaking into the system it is necessary to encode the money transfer instructions and subsequently decode them. This slows down the transfer enormously but where tens of thousands of pounds are involved security considerations must perforce outweigh considerations of speed.

On a more positive note, the banks do recognise that the transfer of funds for house completions does present particular problems, and they are currently working with the Law Society on improvements to the present arrangements.

Mr Howard's more general point is that in the late 20th century it should be possible to transfer money more rapidly. In fact the British banks' record is really not at all bad. The normal clearing cycle is two working days which compares well with, say, Germany (up to five days) and the U.S. (up to two weeks). Moreover, the London "town clearing" is the only major cheque clearing system in the world which provides a same-day transfer.

For even more rapid transfers British banks are now hard at work designing exactly the sort of thing Mr Howard has in mind — a domestic money transfer system using the latest computer and telecommunications techniques. Development hardware has already been ordered and it is planned that the system will begin operating in 1983.

Patrick Frazer.
Banking Information Service,
10, Lombard Street, EC3

Who gets the interest?

From Mr N. Buser

Sir,—Apart from the justifiable frustrations experienced by Mr Howard (September 4) on behalf of countless other sufferers, may I take up his cudgels and engage in a little more bank bashing?

What happens to the interest that should accrue in the often lengthy interim period when transferring funds? The time from when one account is debited to the time that another is credited can, I have found, be as much as a week for Telexed funds to many weeks if handled through the post, particularly if one is transferring from, or to, certain countries where banking practice is not exactly sophisticated. Something here is very wrong as, while the client does not seem to get a look in edgeways, I find it hard to believe that these funds do not attract interest 24 hours of the day—and if we are talking about substantial sums of money, then on one week alone the missing interest element can prove to be a significant amount. I am sure corporate treasurers have found a way round this problem and would be interested to learn what the answer is. Now that we are free from exchange control surely these transactions are very commonplace and there can be no acceptable excuse either for any delay, or for one's funds not to continue to receive interest no matter at what point they may be in transit.

Then of course there are the two other related problems. Have banks here not yet learnt a less cumbersome way of handling cheques drawn in a currency other than that of sterling? When converting from one currency to another, there seems to be a very generous discrepancy I have noted in the rate. Are banks not sufficiently content to make their handsome profits from borrowing at one rate and lending at another? Do they now have to make their turn on converting currencies, quite apart for seemingly arbitrary charges, as well as hefty Telex rates, when transferring funds—quite apart from the missing interest question?

When you look at it, the sums of money involved do not have to be that great before it is both cheaper and much more efficient simply to draw the money out in cash and fly it out yourself, now we can do it, and deposit it at the other end. Maybe that is the best solution anyhow.

Nicholas Buser.
c/o 1 Royal Crescent, W11.

Protection measures

From Mr L. Moss

Sir,—The implication in your leader (September 2) that Mr Peter Walker's ban on poultry imports is to protect UK farmers, rather than as a health measure, begs certain questions.

How can individual producers in one country possibly survive against competitors in other countries providing massive state aid, whether it be in capital grants, subsidies, low interest rates, reduced local rates, assistance with inspection costs or, as with Dutch horticulturists, provision of half price heating fuel?

Since this country imposes on its poultry producers, mainly at their own expense, stringent health and inspection standards, is it not logical to close loopholes in countries where the standards are notably lower?

On a broader basis, the true-blue British dictum that if one joins a club, one should abide by the rules, is no doubt highly praiseworthy. If however, having joined one finds that not only do other members flout the rules, but the management appears incapable of enforcing them, what are the options? Resignation — hardly practicable as far as the EEC is concerned—or battle for a standard code of conduct throughout the membership, which is surely Mr Peter Walker's aim.

L. A. T. Moss.
34 Coniston Road,
Bromley, Kent

Today's Events

GENERAL

UK: Mr Michael Foot, Labour Party leader, addresses conference of Trades Union Congress at Blackpool—debates include social insurance, employment benefit and National Health Service.

Public inquiry reopens into plans to redevelop the Coin Street site of London's South Bank.

Mrs Margaret Thatcher opens new exhibition of Egyptian sculpture, British Museum.

City University seminar "Predicting Corporate Bankruptcy and Company Recovery—The State of Art," Northampton Square, London.

City of London annual flower show opens, Guildhall, noon.

Overseas: Mr Menachem Begin, Israeli Prime Minister, starts seven-day visit to U.S.—meeting President Reagan tomorrow.

French Parliament reconvenes.

North Atlantic Treaty Organisation countries, including Britain, commence Ocean Safari 81 air and sea military exercises off western coast of Europe.

OFFICIAL STATISTICS

UK bank's eligible liabilities, reserve assets, reserve ratios and special deposits (mid-Aug). London clearing banks' monthly statement (mid-Aug). Wholesale price index (Aug-prov.). Vehicle production (Aug-prov.). Hire purchase and other instalment credit business (July). Construction output (2nd qtr.). Retail sales (July final).

COMPANY MEETINGS

Aero Needles Group, Clive Works, Redditch, 3. Globe Investment Trust, Electra House, Temple Place, WC, 12.30. Lendu Rubber Estates, Tubs Hill House, London Road, Sevenoaks, 12.15. McLeod Russel, Victoria House, Vernon Place, WC, 12. Montague L. Meyer, Charing Cross Hotel, WC, 12. Wheeler's Restaurants, Sheridan Hotel, Brighton, 12.

Metal Closures improves slightly to £2.7m halfway

THE REMEDIAL ACTION taken by the board of Metal Closures Group to meet the severe economic depression has resulted in slightly increased pre-tax profits of £2.7m for the first half of 1981, against £2.56m last time, from a continuing low order book. Turnover slipped from £33.74m to £33.18m.

All overseas interests continue to make a significant contribution to the group's profits and the board considers that, in the context of the depressed state of the packaging industry, the company has acquitted itself well. Metal Closures is concerned largely with the manufacture of metal and plastic products, mainly for packaging.

There are still no signs of any significant change in the immediate future but, by a policy of ongoing investment, the board feels the group's competitive ability will enable it to respond favourably when the present situation improves.

After tax of £1.01m (£0.96m), minorities and preference dividend, profits attributable to ordinary shareholders came through marginally ahead from £1.45m to £1.51m.

Stated earnings per 25p share improved from 7.19p to 7.51p and the net interim dividend is being kept at 2.2p per share — last year's total payment was 5.4p on £5.5m taxable profits.

The interim dividend again absorbs £443,000.

HIGHLIGHTS

Lex looks at yesterday's rapid takeover of Guthrie Corporation and the market raid by the Malaysian government's investment body which quickly put paid to the plantation giant's independence. It was an otherwise quiet day on the corporate scene. Lex previews today's money supply figures for banking August which will be received with interest by the gilt-edged market today. Lex also looks at the extension to the monopolies investigation into the case of the rival bids for Royal Bank of Scotland before passing briefly on to the Letraset accounts published as it too faces rival bids from Mills and Allen and Esselte. On the inside pages the half yearly figures from Metal Closures are commented upon.

● comment

Metal Closures has spent heavily on fixed assets in the past few years, moving towards more capital-intensive production methods. The workforce has been correspondingly reduced, now standing at little over half its 1974 peak. Profits slipped in 1980—after marking time for a year or two—and only a fractional improvement can be seen in these interim figures, much of it due to sustained growth in a South African subsidiary. The group will probably touch £6m before tax this year—suggesting a fully-taxed p/e of 10—but a revival of European packaging demand is needed before it becomes clear whether the recent cost eliminations have launched Closures decisively towards better things. The 7 per cent yield puts the shares at a slight premium to the packaging sector, recognising the strong balance-sheet and cash flow.

B. Priest waits for second half

IN THE first four months of the current year Benjamin Priest and Sons (Holdings) experienced no further falls in the level of demand, though price competition intensified and there were no indications of an end to the recession, says Mr Charles Wardle, chairman, in his annual review.

As reported in July a sharp fall on the engineering side and a loss on construction contracts left the group £935,000 in the red at the pre-tax level for the year ended March 27, 1981 against profits of £3.18m.

The full advantages of reorganisation and consolidation of the group's operating base carried out during the last financial year are unlikely to become apparent until the second-half of the current 12 months Mr Wardle says.

It will probably be some time before a broadly based economic recovery takes place and any increase in interest rates would put further pressure on retained earnings and cash flow. Any short-term forecasting is therefore difficult, he adds.

After the group's reorganisation it is now divided into five main sections — building products, drop forgings, fasteners, materials handling and pressings. The new structure provides a highly effective reporting structure in which senior management can respond even more quickly to changing circumstances in the market place.

This rationalisation envolved a cut in the workforce of 479 people — 18 per cent of the total — and cost £700,000 in severence payments.

At the year end shareholders' funds were down at £15.4m (£18.28m). Fixed assets were valued at £11.65m (£12.09m) and net current assets came out at £5.2m (£7.85m) — including bank overdrafts of £4.69m (£4.34m) and short-term borrowings of £906,250 (£656,250). Medium-term borrowings and debentures totalled £1.72m (£2.03m).

During the year there was an increase in total net borrowings of £289,000 (£1.96m) and a reduction in working capital of £3.38m (£1.88m increase).

Meeting: Warley, West Midlands, September 29, 2.15 p.m.

Hampton Trust ready to expand

WITH A sound asset and earnings base in property and the first fruits of oil and gas revenue in sight from the U.S., Hampton Trust is well placed to meet a period of expansion ahead, with the ability to finance existing and new mineral and energy prospects, says Sir Cecil Burney, chairman.

Hampton's negotiations to acquire a 3.5 per cent interest in the Woooada gas field permit in Western Australia's Perth Basin are still continuing.

Sir Cecil says that in order to conclude negotiations and to be in a position to put the proposal to shareholders, the company is required to obtain certain concessions from the Australian Foreign Investment Review Board.

The company has made proposals to the board which have received a sympathetic response, and negotiations are continuing. Shareholders will be advised immediately a firm decision is reached, Sir Cecil reports.

The acquisition of this interest, would make a very substantial impact on Hampton's growth and the directors propose to pursue every avenue to achieve a successful conclusion.

As reported on July 23 Hampton made a taxable loss of £15,823 (£57,079 profit), for the year to March 1981, mainly due to legal and geological expenses of £37,642.

At the year-end shareholders' funds stood at £2.44m (£1.43m). Properties were valued at £1.51m (£1.4m) and net current assets came out at £749,383 (£77,218 liabilities) including deposits and bank balances of £790,484 (£7,826). Exploration expenditure amounted to £139,682 (nil).

Scottish Eastern dips £0.1m

PRE-TAX income of the Scottish Eastern Investment Trust declined from £3.18m to £3.05m in the half year at July 31, 1981 but the net interim dividend is being maintained at 1.5p. A same-again final of 1.75p is forecast.

The directors say earnings for the current year are suffering as a result of the significant shift of funds into overseas markets.

Stated earnings per 25p share for the six months fell back to 1.78p (1.89p) and net asset value per unit is shown as 124.4p, compared with 96.6p.

Tax took £1.12m, against £1.15m.

Norton Warburg payment

An initial dividend of 20p will be sent to investors in the crashed Norton Warburg Investment Management before the end of September, according to the Receiver, Mr Paul Shewell of Coopers and Lybrand.

Total proceeds from the company, which went into liquidation in March with a deficit of over £2.5m, are expected to be about 60p in the pound.

Agreement in principle was reached in July for the distribution to the 400 or so investors in the remaining funds, but there will be some delay until some of the investments can be realised sensibly.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Ayrshire Metal Products, Costain, Dorada, English and New York Trust, IMI, London United Investments, Midland Industries, Nurdin and Peacock, Pantos, Petrocon, Provident Financial, Reckitt and Colman, Sharna Ware, Standard Chartered Bank.

Finals—Bertam Consolidated Rubber, F and C Eurotrust, FMC.

FUTURE DATES

Interims—

Bifurcated Engineering	Sept 15
Cory (Horace)	Sept 15
Croda International	Sept 15
DRG	Sept 22
Hall Engineering	Sept 24
KCA Drilling	Sept 15
KCA International	Sept 17
Laing Properties	Oct 7
Newbold and Burton	Sept 9
Pearson Longman	Sept 14
Ready Mixed Concrete	Sept 29
Rio Tinto-Zinc	Sept 16
Rowton Hotels	Sept 11
Schroders	Sept 10

Finals—

Guinness Peat	Sept 11
Telefusion	Sept 10

Marshalls raising £1.5m to buy Mono Concrete

Marshalls (Halifax) has gone ahead with raising the funds to finance its £1.7m purchase of Mono Concrete from Wettern Brothers, although rival bidders Charcon—part of the Charterhouse Group—has asked the Wettern board to call an EGM so that shareholders can assess both offers.

Marshalls first offered £1.3m for the division, a price which was recommended by Kleinwort Benson, Wettern's advisers. Charcon then appeared with £1.65m and Marshalls replied with £1.7m on condition that the offer was not made public until it had received irrevocable consent from a majority of shareholders.

On Friday Marshalls announced that it had consents from holders of 50.6 per cent, excluding its own 27 per cent, and that the Kleinwort Benson investment trust, with 6 per cent, had also agreed to vote for the deal.

Charcon put in a bid for £1.95m although the other offer had already gone unconditional and called for an EGM.

Yesterday, however, Kleinwort Benson said that the Marshalls' offer could not be reversed by an EGM.

Kleinwort denied that by keeping Marshall's bid secret it had deprived shareholders of a possible higher bid from Charcon. Shareholders who were approached to agree to Marshalls' bid were told that Charcon might raise ts offer, but that there was a risk that it might not, and in any case Marshalls had said it would walk away if its bid were made known.

Yesterday, therefore, Marshall's, conditionally placed 749,776 shares through Savory Milln to raise £1.5m of the purchase price.

The news was announced at Marshalls' annual meeting yesterday at which Mr David Marshall, the chairman, said the management accounts for the year to the end of July show that "turnover and profit are in line with budget forecasts."

Mr Marshalls added that management was "more confident regarding the prospects for the remainder of the year than they have been for some time."

All sections of the group were making profits, he added, and all factories were working full time, though not necessarily at full capacity.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Claverhouse Inv. Tst. int.	2.25	Sept 30	2.25	—	6.4
Land Investors	0.8	Oct 24	0.8	1	1
Melody Mills	nil	—	nil	nil	1
Metal Closures int.	2.2	Nov 5	2.2	—	5.4
Scot. East. Inv. Tst. int.	1.5	Oct 26	1.5	—‡	3.25

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Same-again final 1.75p forecast.

Melody Mills losses hit £1.3m

WITH PROFIT margins hit by increased costs and low prices, wallpaper manufacturer Melody Mills slumped to taxable losses of £1.31m compared with a surplus of £390,000 in the year to March 31 1981. Turnover increased marginally from £9.62m to £9.64m.

At the half-year stage the company had already incurred taxable losses of £543,000 (£230,000 profits), while turnover stood at £4.81m (£4.64m).

The final dividend is being missed—the last distribution was an interim papout of 1p net per 25p share for the half-year to September 1979. Losses per share are given as 31.29p (13.73p earnings).

A complete reorganisation of the company's manufacturing facilities within the UK is to be announced shortly and the directors anticipate that this will result in a significant reduction of overheads. Additionally the group's German subsidiary is to be closed down.

As announced in the interim report, the company has shut down its more labour-intensive operations and two distribution depots.

The directors say their new wallpapers have been well received but the retail market is sluggish. The outcome of the current year is uncertain but the reduced cost base should produce a sound platform for future sales development.

Looking to the year under review, the directors say export margins suffered because of the increased value of the pound, with substantial increases in interest charges adding to the losses.

Taxable losses were struck after interest of £284,260 (£160,554) and there was a tax credit of £2,307 (£156,321). Current cost adjustments increased the pre-tax losses to £1.66m.

Letraset sees better year for S. Gibbons

LETRASET'S report and accounts, published yesterday, have been overtaken by events. Mr Bill Fieldhouse, the chairman, has already promised to make a full profit forecast for the current year in response to the 140p a share bid from Esselte, the Swedish company.

However, this is not likely to be made at least until after Esselte's offer document is published, possibly in the next fortnight.

Meanwhile, Mr Fieldhouse's statement in the annual report, cautiously describes increases in overseas graphics volume as "anticipated," and says partial recovery has occurred in the UK in that division.

Stanley Gibbons, the stamps division which lost £2.2m above the line and £4.1m before tax credits as extraordinary items, should show "a significant improvement in the current year" as the result of rationalisations, Mr Fieldhouse says.

Stocks in the year under review were reduced from £26.56m to £19.28m, attributable to the £5.78m reduction in stocks of stamps and other collectibles.

Mr Niels Andersen, the finance director, said that this reduction was a mixture of provisions and write-offs made when closing down the non-stamp side of Gibbons, and also a deliberate policy of reducing stamp stocks.

Esselte's bid for Letraset comfortably tops the all-paper offer from Mills and Allen International but MAI has extended its offer yet again to match the closing dates of Esselte. A number of other groups are also said to have expressed interest in Letraset.

See Lex

Wilson Peck music business still a problem

With the recession continuing, trading in the Wilson Peck music business remains difficult, says Mr Lionel Leighton, the chairman, in his annual statement.

Last year the company had high hopes that, with the move to West Street and the subsequent reductions in overheads, the music side could return to profit. But although turnover was maintained, this was at the expense of margins and hopes did not materialise.

For the year to March 31 1981 the company made a higher net loss of £38,917 (£31,341) on turnover of £489,207 (£453,733)—as already known.

Mr Leighton says the company is constantly reviewing its property portfolio. Additions have been made and advantage will be taken of opportunities, as they occur, of realising profits.

A number of lettings have taken place and more are under negotiation at rents which the chairman says are very satisfactory.

CLUFF OIL

Cluff Oil has issued 79,000 ordinary £1 shares in exchange for 79,000 CCP North Sea Associates ordinary 25p shares.

RESULTS AND ACCOUNTS IN BRIEF

DANAE INVESTMENT TRUST—Results for year to May 31, 1981, reported July 23. Shareholders' funds £3m (£2.73m); investments £4.93m (£4.36m); net current liabilities £1.92m (£1.63m), including bank balances £206,535 (£203,627) and bank overdrafts £1.89m (£1.66m); decrease in liquidity £308,000 (£246,000). Meeting: Bloomsbury Square, WC, September 30, 12.30 pm.

LONDON AND GARTMORE INVESTMENT TRUST—Results for the year to June 30, 1981, reported July 31. Investments at valuation listed in UK £2.81m (£2.69m), listed abroad £5.54m (£2.75m), unlisted £637,481 (£150,727). Net current liabilities £303,283 (£23,360), including secured bank overdraft £472,262 (nil). Preliminary indications suggest high cost of borrowings combined with increased overseas orientation of company's investment portfolio will lead to fall in earnings in current year. If this proves so board prepared to maintain dividend by utilising part of unappropriated revenue reserve. Meeting: 2, St. Mary Axe, EC, September 28, 12.30 pm.

NORWEST HOLST HOLDINGS (civil engineer, building contractor)—Results for the year to March 31, 1981, reported June 24. Fixed assets £16.64m (£14.54m), net current assets £2.36m (£1.52m). Shareholders' funds £14.31m (£13.67m). Issued equity capital all held by Dunham Mount Holdings. Meeting: Cheshire, September 15, noon.

ASSOCIATED BRITISH ENGINEERING—Results for year to March 31, 1981, reported July 15. Group fixed assets £974,000 (£322,000); net current assets £1.97m (£2m); secured loans £80,000 (£145,000). Shareholders' funds £2.87m (£2.14m). Cash and bank balances decreased £914,000 (£700,000 increase). CCA pre-tax profit £119,000. Company is hopeful that additional activities of Hirst and Mallinson, coupled with steady progress of British Polar Engines, will enable it to achieve continued profitable growth. Meeting, Glasgow, September 15, noon.

LONDON TRADED OPTIONS

Sept. 7. Total Contracts 719. Calls 644, Puts 75.

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	280	28	—	42	—	50	1	306p
BP (c)	300	16	68	30	4	40	2	"
BP (c)	320	7	6	20	2	—	—	"
BP (c)	330	—	—	—	—	28	5	"
BP (c)	350	4	1	11	9	—	—	"
BP (c)	380	2	—	5	1	—	—	"
BP (p)	320	26	2	34	2	—	—	"
BP (p)	350	50	—	52	1	—	—	"
CU (c)	160	15	—	20	2	25	—	163p
CU (c)	200	2	—	5	—	7	3	"
Cons. Gld (c)	460	68	—	82	1	100	—	521p
Cons. Gld (c)	500	35	10	68	11	80	—	"
Cons. Gld (c)	550	15	4	40	5	50	4	"
Court'lds (c)	60	4½	1	9	4	11½	—	61p
Court'lds (c)	70	1½	—	4	—	7	4	"
GEC (c)	700	90	1	122	—	142	—	774p
GEC (c)	750	48	—	84	8	107	1	"
GEC (c)	800	23	10	52	—	77	—	"
Gr'd Met. (c)	180	17	30	27	—	33	—	190p
Gr'd Met. (c)	200	6	3	18	6	21	—	"
Gr'd Met. (c)	220	2	1	9	4	13	—	"
Gr'd Met. (p)	200	14	5	15	—	20	8	"
Gr'd Met. (p)	220	33	10	35	3	36	—	"
ICI (c)	240	26	25	—	—	—	—	260p
ICI (c)	260	13	1	24	1	36	—	"
ICI (c)	280	5	55	16	21	24	1	"
ICI (c)	300	2	6	9	1	16	—	"
ICI (c)	330	1	—	4	1	—	—	"
ICI (p)	260	11	20	13	—	18	—	"
ICI (p)	280	26	10	30	—	34	—	"
Land Sec. (c)	336	11	2	25	—	—	—	332p
Mks & Sp (c)	120	17	1	24	4	29	—	135p
Mks & Sp (c)	130	10	1	18½	—	21	—	"
Mks & Sp (c)	140	4	6	9	—	15	9	"
Shell (c)	360	18	—	32	—	40	2	370p
		November		February		May		
Barclays (c)	420	48	12	63	—	66	—	448p
Imperial (c)	60	2½	30	7	2	8½	—	61p
Imperial (c)	70	¾	—	2½	—	4	7	"
Lasmo (c)	600	20	35	42	—	55	—	624p
Lasmo (c)	650	10	4	20	—	—	—	"
Lonrho (c)	80	7	60	10	—	12	—	85p
Lonrho (c)	90	3	50	5	2	7	—	"
Lonrho (p)	80	3	1	4	—	4	—	"
P & O (c)	130	2	5	4	—	—	—	114p
Racal (c)	360	102	6	117	—	—	—	449p
Racal (c)	420	53	5	70	—	85	1	"
Racal (c)	460	28	4	45	7	58	1	"
Racal (c)	500	13	15	28	—	38	—	"
Racal (p)	420	12	2	16	—	23	—	"
Racal (p)	460	28	8	35	1	40	2	"
RTZ (c)	550	38	2	77	—	92	—	579p
RTZ (c)	600	25	33	52	—	67	—	"
RTZ (c)	650	15	4	30	12	—	—	"

C=Call P=Put

Little change at Land Investors

PRE-TAX PROFITS of Land Investors, the property investment and development concern, were little changed at £2.47m for the year to March 24, 1981, compared with £2.42m previously. The second-half figure was £1.23m, against £1.26m.

After tax of £1.31m (£1.18m) the year's net balance came through at £1.16m (£1.24m). The final dividend is again 0.8p for an unchanged net total of 1p per 25p share.

SEET behind in current year so far

In his annual review Mr J. H. M. Mackenzie, the chairman of Scottish, English and European Textiles says turnover and profitability in the current year have been affected by exchange rate fluctuations and the recession generally and figures so far are behind those for the same period last year.

Although he expects a reasonable outcome, the chairman says it is difficult to give any firm indication as to the likely result until publication of the half-yearly figures, by which time the new selling season will be well under way. He points out that the group balance sheet remains stronger than on any previous occasion.

Hopes of payout being held at Stavert

Providing business and investment revenue are not hit by a deepening of the recession, Mr Myles Cooper, chairman of Stavert Zigomala and Co. (Holdings), hopes the company will be able to maintain its dividend in the current year.

The chairman, in his annual review, says conditions for the furniture wholesale subsidiary remain difficult and sales to date are down on the same period of last year. However investment revenue shows improvement and he is not dissatisfied with the value the portfolio has attained.

For the year to March 31 the company raised pre-tax profit to £39,559 (£31,808) and lifted the net dividend to 6.3p (6.02p).

SPAIN

September 4	Price %	+ or −
Banco Bilbao	388	+12
Banco Central	393	+3
Banco Exterior	415	
Banco Hispano	341	
Banco Ind. Cat.	120	
Banco Santander	398	+1
Banco Urquijo	247	+7
Banco Vizcaya	408	+4
Banco Zaragoza	283	+3
Dragados	217	
Espanola Zinc	76	−1
Fecsa	74	+0.3
Gal. Preciados	63	−2
Hidrola	96.2	−0.5
Iberduero	59	
Petroleos	128.7	+0.2
Petroliber	83	
Sogefisa	54	
Telefonica	86	+0.5
Union Elect.	79.7	−0.3

Companies and Markets **UK COMPANY NEWS**

● TERRY GARRETT INTERVIEWS MURRAY McLEAN

Injecting new life into Robert Moss

SHAREHOLDERS in Robert Moss, the Oxfordshire-based plastics company, may have been more than a little surprised to read two weeks ago that control of their company had passed to a South African-born businessman called Murray McLean.

There had been no hint from the company that takeover moves were afoot and there were no obvious predators on the scene. The share price at 20p, valuing the company at £2m, contained no speculative froth.

Yet Mr McLean had managed to buy 48.2 per cent of the equity at prices up to 32p a share and is bidding for the rest at 32p. He placed a large chunk of the shares with institutions in small packages but they are letting him hold on to the votes for the duration of the bid. Gresham Trust and Industrial and Commercial Finance Corporation are also giving him voting control over a further 7.8 per cent.

So effectively, Mr McLean had overnight got his hands on 56 per cent of the votes though ultimately, once he has got himself into the driving seat at Moss, he will reduce his holding to 26 per cent and retain the market quote.

Immediately the news was out the price jumped 16p to 36p and since then has climbed even further. So who is Murray McLean that his involvement values Robert Moss at over 30 times last year's fully taxed earnings?

Those with long memories will pinpoint Mr McLean as the man who took South African metals group Abercom from a market capitalisation of £200,000 in 1968 to £25m by 1976. He left rather abruptly. "Basically I came to the conclusion at that time that I did not want to spend the rest of my life in South Africa," he says. Abercom subsequently went through a very rough patch but in London at least no blame seems to have been attached to McLean.

Initially he went to France but in January this year he came to Britain. By March he was looking in earnest for a company to buy.

Describing the criteria he adopted in his search he says: "First, a business small enough to get control with my limited resources but also big enough not to be a hollow shell. I was after a real business, something with guts."

Certainly he had no intention of picking up a troubled company. "I had had a lot of experience with ailing companies at Abercom. You need to have people you can rely on, a network you can put in quick. I was an individual working out of a house with not a solitary soul I could bring in. I had to have a business that wouldn't suddenly collapse.

"Also I was looking for a company with a full Stock Exchange quote. I didn't want to be tethered to a bank."

It was during a conversation with a stockbroker that Moss was put forward. "The Gods were smiling on me," he says. The broker suggested that Moss fitted all the right criteria and there might be a willing seller in Mr Frederick Shoobridge, one of the original founders of the business who, no longer on the board, still controlled around a quarter of the equity.

McLean drove out to Moss' Kidlington headquarters that very day — it is not that far from his home — just to take a look from the outside. "It looked all right. It wasn't falling down." He pursued Moss further.

The company manufactures plastic mouldings for the motor, electrical, packaging and furniture industries. Its record since going public was reasonably good in a fairly modest way up to the early seventies. But since 1973-74 when it made £440,000 pre-tax Moss has gone nowhere fast. Last year profits fell from £457,091 to £270,859 but at least the balance sheet remains sound enough. The bank overdraft last March was £437,349 against shareholders' funds of £2m before taking in a £1.26m surplus following a recent property revaluation. Assets per share are worth 32p.

Negotiations took place with Mr Shoobridge and Gresham Trust, the company's adviser. Gresham held a 14.6 per cent stake and ICFC, with a 12.1 per cent holding, could be expected to follow Gresham's lead.

Mr Peter Wreford, chairman of Gresham and on Moss' board, says: "We didn't seek anything. McLean came to us three or four months ago. We felt it was opportune for us and also for ICFC if we jointly sold part of our holdings and let him have his head. We kept a bit just for the ride.

"The price was fair. Unless something like this happened the company would have stood on a plateau . . . it needs a management push."

But if the holders were willing to sell, McLean "found the price a bit frightening" and went to look elsewhere. While he was looking he put his resources into a dollar deposit account when the exchange rate was $2.40. The subsequent slide in sterling was his "good fortune and an enormous help in stretching to meet the price." The deal was struck.

Mr McLean's first move when he gets formal control will be to move in as chief executive. Mr Wreford and Mr Baldock, the Gresham representatives, have already moved off the board and McLean does not envisage any other major management changes. There is however someone he wants to bring in on a non-executive basis said to be "the managing director of a large group."

Once behind the helm McLean intends to develop Moss in two distinct ways. One will be to ginger up the existing plastics operation; the other will be to use Moss as a vehicle for acquisitions.

In his own words, "I see it as a two-streamed attack. It is a perfectly sound reasonable business, but it needs zest, get up and go. It has good labour relations, production has fallen a bit but not as much as labour. I want to sharpen up the decision-making and the marketing. The other side is, as a listed company, Moss has the capacity to take advantage of that to acquire companies. It has no staff to do that yet. Very early on I will split the factory out of the holding company and run it as a separate entity. There will be a separate head office and I need one person, a bright young accountant fellow."

Yet Mr Mclean is quick to reassure all that he is not going to create another conglomerate as he did in his days at Abercom.

Any purchases will be complementary to Moss though he is not confining his field of vision to the UK. He will be looking elsewhere in Europe. He says "there will be no wild acquisitions," but emphasises: "I don't want to run just a plastics company in the long-term."

Crouch Grp. joint venture

A JOINT venture company has been formed in Florida by Crouch Group, the international property development and construction group, to seek out and develop suitable high quality residential sites which are leisure orientated, says Mr Ronald Clempson, the chairman, in his annual statement.

Mr Clempson also tells shareholders that the demand for properties in New York suitable for refurbishment exceeds supply and he sees a continuing buoyant market in that city for the specific type of developments that the group is seeking.

Further possible developments located in the U.S. have been appraised and negotiations are proceeding, he adds.

The chairman reports that the group has a substantial development programe in the UK and this, combined with North American activities, should produce satisfactory profits in the current year and also build up rental income from selected UK developments which will be retained.

The long term capital base of the group has been strengthened by the convertible loan stock rights issue leaving it in a healthy position to expand further and take advantage of opportunities which arise.

As reported on August 26, group pre-tax profits dropped from £693,000 to £490,000 for the year to March 31 1981, against a forecast of £485,000 made in May at the time of the rights. The final dividend, however, is being kept at 3.325p net for an unchanged total of 4.4p per share.

With the group five months into the current year, the reduced demand in the housing market still continues to depress trading profits in the first half.

Meeting, Plaisterers Hall, EC, September 29, noon.

Eng. & Int. Trust stock conversion

The directors of English and International Trust state that following the last conversion date £36,019 of the company's 7 per cent convertible stock 1986 (2.4 per cent) remains in issue.

All remaining stock holders will now be required to convert into ordinary shares. Terms of conversion will be on the basis of one ordinary share for every 82½p nominal of stock. Alternatively, they may elect to receive repayment of their stock at par, together with accrued interest up to the date of repayment.

Signs of upturn for Longton

Mr A. J. Dale, chairman of Longton Industrial Holdings, tells members in his annual review that although it is impossible to predict the outcome of the present year's trading in parts of the group, in recent months there have been definite signs of an upturn in trade and overall the deterioration appears to have been halted.

In order to effect a drastic improvement in the group's trading, two parallel courses of action have been taken. Mr Dale says that in the first place efforts have been made to streamline the companies concerned and to improve productivity. Depots have been closed where necessary and some premises redeployed.

At the same time, action has been taken to develop new products . . . so as to further diversify the group's activities.

The chairman says the measures which have already been taken and which are still continuing should "ensure a return to profitability."

As reported on August 8 the group, whose interests include road transport, storage and distribution, export packing, steel stockholding and processing and engineering supplies, crane hire and insurance broking, plunged from pre-tax profits to £1.92m to a loss of £629,264 for the year ended March 31 1981 on turnover lower at £35.9m, compared with £43.21m. The dividend for the year is being reduced by 4p to 1p. On a CCA basis the loss increases to £1.17m.

At year-end ordinary shareholders' funds stood at £10.58m (£11.15m) and net current assets at £5.64m (£6.8m), including bank overdraft secured £2.26m (£818,299). Meeting, Stoke-on-Trent, September 25, at 3 pm.

Peerless chairman optimistic

Mr W. S. Jordan, the chairman of Peerless, the non-ferrous metal and plastic products manufacturer, says in his annual statement he is more cheerful about the future than he has been at any time during the past 12 months.

There are clear indications that in the absence of further deterioration in trading conditions, the current year could well show a significant improvement on last year, he says.

"In making this cautiously optimistic forecast I am not relying on any sudden improvement in conditions generally, as the improvement, if it continues, will come purely as a result of the actions taken by us to adjust to a very different market place."

Conroy Petroleum raises its holding in Berkeley

Conroy Petroleum and Natural Resources, the Irish company which has interests in North Sea exploration, says in its first annual report that it has increased from 4.58 per cent to 10 per cent its shareholding in Berkeley Seventh Round. It is represented on the board of that company by Prof Richard Conroy, its chairman.

The Gulf-led consortia in which Conroy Petroleum is involved through Berkeley, was awarded two Blocks in the North Sea and one in the South-Western Approaches.

As well as its North Sea activities, Conroy Petroleum, during its first year of operation, has acquired gas and oil interests in Texas, which are now producing, and the company plans to increase substantially its involvement there.

Conroy owns 279,000 ordinary 20p shares in Aran Energy, which provides an interest in two BP-led consortia covering exploration in the Porcupine Basin and an area off Donegal. Conroy and Premier Consolidated Oilfields have agreed to form a consortium which will apply for exclusive exploration licences in offshore Irish waters. Premier would act as operator.

Conroy has been awarded nine mineral exploration licences in the Republic of Ireland and has applied for a further 11 which, if granted, would give the company exploration rights over 100,000 acres.

For the period to April 30, 1981, the company made a net loss, after tax, of I£39,723. Brown Shipley and Company has been appointed financial advisers to Conroy and short-term finance of £278,500 has been raised to increase the holding in Berkeley Seventh Round.

Receiver for G. H. Smallwood

Mr Jack Cheetham, a Stoke-on-Trent partner in chartered accountants Peat Marwick Mitchell, has been appointed receiver and manager of G. H. Smallwood and Co., of Ennerdale Road, Shrewsbury.

The company is engaged in auto electrical engineering and automative product wholesaling. It has a staff of 35.

Smallwood had invited the bank to appoint a receiver.

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	†12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
American Express Bk.	12 %	■ Hambros Bank	12 %
Amro Bank	12 %	Heritable & Gen. Trust	12 %
Henry Ansbacher	12 %	■ Hill Samuel	§12 %
AP Bank Ltd.	12 %	C. Hoare & Co.	†12 %
■ Arbuthnot Latham	12 %	Hongkong & Shanghai	12 %
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd	12½ %
Banco de Bilbao	12 %	Langris Trust Ltd.	12 %
BCCI	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½ %	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	13 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Bristol & West Invests.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Slavenburg's Bank	12 %
■ Brown Shipley	12½ %	E. S. Schwab	13 %
Canada Perm't Trust	13 %	Standard Chartered	‖12 %
Cayzer Ltd.	12 %	Trade Dev. Bank	12 %
Cedar Holdings	12 %	Trustee Savings Bank	12 %
■ Charterhouse Japhet	13 %	TCB Ltd.	12 %
Choulartons	12 %	United Bank of Kuwait	12 %
Citibank Savings	¶13 %	Whiteaway Laidlaw	12½ %
Clydesdale Bank	12 %	Williams & Glyn's	12 %
C. E. Coates	12 %	Wintrust Secs. Ltd.	12 %
Consolidated Credits	12 %	Yorkshire Bank	12 %
Co-operative Bank	*12 %		
Corinthian Secs.	12 %		
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	15 %		
Robert Fraser	12 %		
Antony Gibbs	13 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 10%, and over £50,000 11%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.
¶ Mortgage base rate

● NEWS ANALYSIS—PERMODALAN BID FOR GUTHRIE

Recent deals force whirlwind move

BY JOHN MOORE

A CHANGE of direction in the trading policy of Guthrie Corporation, the UK plantation group, prompted its largest shareholder Permodalan Nasional, the Malaysian equity corporation, to mount its successful £282.5m whirlwind bid for control.

Permodalan said yesterday, through its UK advisers, N. M. Rothschild, the merchant bank, that its lightning purchase of Guthrie's shares "were essential" in order to protect Permodalan's substantial investment in the plantation group."

Throughout its more than 150 years in existence, said Permodalan, the principal activities of Guthrie have been based in South East Asia in plantation activities. "The predominance of these activities formed the principal rationale for the substantial investment" that the Malaysians made in Guthrie in December last year.

Deals in recent weeks by Guthrie have evidently annoyed the Malaysians. In June, Guthrie disposed of its 73 per cent stake in Guthrie Berhad, the trading and industrial arm of Guthrie Corporation in Singapore and Malaysia, to the Malaysian group Multipurpose Holding Berhad in a deal worth at the time of the announcement £24.4m. During the summer it announced that it was acquiring Page Airways, a U.S. family-controlled company, in a deal worth $68m.

Peromodalan snapped yesterday that it was "not consulted on either of these transactions," and viewed "with disquiet the new course upon which the management of Guthrie would appear to be set."

Permadalan Nasional, or the national equity corporation, is the subsidiary of the Bumiputra Investment Foundation. The foundation, set up three years ago, is the main institution through which the Malay government hopes to achieve its new economic policy of giving at least 30 per cent ownership of the Malaysian corporate sector to the Malays by 1990.

The Bumpitra Foundation uses Permodolan as its investment arm. Using funds provided by the Government Permodolan invests in companies. It has launched a unit trust scheme in which all Malays can buy units.

Guthrie is no stranger to vigorous takeover battles. In 1979 it narrowly fought off a bid worth £154m from Sime Darby, its UK-based rival. But Permodolan succeeded in gaining control in a hectic share buying operation lasting barely four hours, which left Guthrie no chance to organise its defences.

The company which Permodalan is acquiring reported pre-tax profits of £24m for 1980, compared with £27.5m, on turnover of £317.5m. Its range of activities encompass interests in plantations, induction heating and melting equipment, air conditioning, consumer goods, and fire fighting equipment.

Since its narrow brush with Sime Darby, Guthrie has been involved in an extensive programme of acquisitions and disposals. The moves described by the company as its logical corporate strategy were seen as an attempt to daunt any future unwelcome predator.

"They obviously thought if they expanded into enough other areas it would discourage a bid," said one broker who carried out the share raid yesterday for Peromodalan.

After a shaky diversification programme carried out at the beginning of the seventies with the acquisition of companies such as British Carpets, which proved a sizable lossmaker, Guthrie's policy in the 1980s was to expand further by adding to existing operations. At the same time the group decided to disengage itself from operations where there was little further scope.

Last year was described as a watershed in the group's history. It acquired Angus Fire Armour from Dunlop, which added to its existing fire protection interests, gave it an international manufacturing network.

The carpet interests, "the Corporation's major problem of the last decade," were marged into Stoddard Holdings. Other loss making interests were closed.

The group acquired City and International Trust, which was viewed as a "back door" rights issue by some observers. The group proposed to liquidate the portfolio of the trust which would have raised £18.3m.

The moves had one desired effect. Sime Derby's entire holding in the equity of Guthrie was transferred on December 15 last year with 25 per cent going to Permodalan, which became the largest single shareholder, and 2.6 per cent elsewhere.

At the time Sime Darby said that it had made its sale because it was unhappy with Guthrie's diversification away from plantation operations.

This summer's latest deals irritated the Malaysians. Guthrie sold its 73 per cent stake in Guthrie Berhad, the trading operations in Singapore and Malaysia. *It said then that it was disengaging in view of Malaysia's new economic policy which required control to be increasingly placed in local hands.* Guthrie said that it *would have difficulty in pursuing* its aim of maintaining control over activities in which it had an interest.

The money from the sale, recycled into a £38m bid for Page Airways, said to be the largest aircraft concessionaire for Beech Aircraft, was too much for the Malaysians. They decided to pounce.

Ellis & Everard chief confident

DESPITE THE setback in the year to April 30 1981, Mr Simon Everard, the chairman of Ellis and Everard, remains very confident about the progress of the industrial chemicals group.

"I feel that we have done what we can to prepare for the future and to take full advantage of any upturn that it must surely bring," he tells members in his annual statement.

"Your board shares my confidence that the level of industrial activity will improve and that your company is in especially good position to benefit from any such improvement," he adds.

As reported July 8, the board is backing this confidence with a maintained total dividend of 6.5p net per share and a one-for-10 scrip issue. Pre-tax profits for the year, however, dropped from £1.54m to £1.15m, on turnover of £29.6m (£28.2m).

At balance date total net assets were ahead from £7.58m to £8.52m, while ordinary shareholders' funds rose to £6.5m (£5.49m). Net borrowings as a percentage of shareholders' funds were 7.4 per cent (20 per cent).

The chairman's emoluments increased from £16,433 to £29,187 during the period.

Barro Equities

The liquidator of Barro Equities says that the question of the Belgian VAT clearance referred to in his letter of August 22 1980 has been resolved and accountants are in process of obtaining tax clearance from the UK authorities. *As soon as this* is received he will be able to close the liquidation of the company.

As already stated, any final distribution will be extremely small.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$375	—	—	10	93	—	—	$457.50
GOLD C	$450	—	—	*10*	59	—	—	"
GOLD C	$475	7	13	16	26.50	—	—	"
GOLD C	$500	—	—	1	21	—	—	"
GOLD C	$400	1	8	—	—	—	—	"
GOLD C	$475	8	39	—	—	—	—	"
		Oct.		Jan.		April		
ABN C	F.280	7	11	—	—	—	—	F.286
ABN C	F.300	5	4	—	—	—	—	"
AKZO C	F.17.50	10	5.50	—	—	—	—	F.22.40
AKZO C	F.20	11	3.20	—	—	—	—	"
AKZO C	F.22.50	55	1	9	2.30	—	—	"
AKZO C	F.25	137	0.30	109	1.40	29	2	"
AKZO P	F.22.50	5	0.70	50	1.20	—	—	"
AKZO P	F.25	102	2.60	54	2.70	—	—	"
AKZO P	F.27.50	—	—	65	5	—	—	"
HEIN C	F.50	—	—	5	4	—	—	F.49.30
HEIN P	F.50	5	2.40	—	—	—	—	"
HOOG C	F.17.50	—	—	—	—	8	1.50	F.18.40
HOOG C	F.20	—	—	—	—	6	1	"
IBM P	$60	—	—	—	—	5	1⅛	$54⅛
KLM C	F.100	47	6.30	7	14 A	—	—	F98
KLM C	F.110	83	3	—	—	—	—	"
KLM C	F.120	51	1.30	9	5.70	—	—	"
KLM C	F.130	—	—	5	4.20	—	—	"
KLM C	F.140	—	—	10	2.30 A	—	—	"
KLM C	F.150	—	—	18	1.50	—	—	"
KLM P	F.90	38	3.70	5	5.90	—	—	"
KLM P	F.100	54	7	—	—	—	—	"
KLM P	F.110	27	14.70 B	—	—	—	—	"
NEDL C	F.140	—	—	15	17	7	22	F.147.50
NEDL C	F.150	15	6.70	—	—	—	—	"
NEDL C	F.160	15	3.50	12	9 A	—	—	"
NEDL C	F.170	15	1.30	—	—	—	—	"
NEDL P	F.140	16	2.10	—	—	—	—	"
NEDL P	F.150	5	6.50 B	—	—	—	—	"
NATN C	F.120	6	1.20	—	—	—	—	F.113
NATN P	F.120	21	7	—	—	—	—	"
PHIL C	F.20	219	2	—	—	13	4.30	F.21.60
PHIL C	F.22.50	98	0.60	60	1.80	—	—	"
PHIL C	F.25	162	0.30	171	0.90	35	1.50	"
PHIL C	F.27.50	—	—	87	0.40	—	—	"
PHIL P	F.20	—	—	—	—	19	1	"
PHIL P	F.22.50	69	1.20	—	—	—	—	"
PHIL P	F.25	8	3.30 B	—	—	—	—	"
RD C	F.90	27	1.90	8	4.50	10	7	F.85.40
RD C	F.100	25	0.40	29	2	—	—	"
RD P	F.80	140	2	18	4	—	—	"
RD P	F.90	12	8	11	8.30 B	—	—	"
RD P	F.100	80	16.80	—	—	—	—	"
RD P	F.110	10	26.50	—	—	—	—	"
UNIL C	F.150	20	5.50	—	—	—	—	F.151.60
UNIL C	F.160	—	—	11	6 A	—	—	"
UNIL C	F.170	—	—	—	—	5	4.50	"
UNIL P	F.140	5	0.70	—	—	—	—	"
UNIL P	F.150	16	3	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 2662
A=Asked B=Bid C=Call P=Put

NOTICE OF REDEMPTION
To the Holders of
Marriott Corporation
5% Convertible Subordinated Debentures
Due October 15, 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Article Three of that certain Indenture dated as of October 16, 1973 between Marriott Corporation (the "Company") and Bankers Trust Company, the Company intends to redeem, and does hereby call for redemption and payment on October 14, 1981 (the "redemption date") all outstanding 5% Convertible Subordinated Debentures due October 15, 1988 (the "Debentures") at 101% of the principal amount thereof plus interest accrued to the redemption date.

On the redemption date, all of the Debentures will become due and payable at the redemption price specified above plus accrued interest and will be paid upon surrender thereof at the Corporate Trust Office of Bankers Trust Company of New York, P.O. Box 318, Church Street Station, New York, New York 10015, or at the option of the holder but subject to any laws and regulations applicable thereto in the country of any of the following offices, at the main offices of Bankers Trust Company in London (City Office) and Paris, the Chase Manhattan Bank, N.A. in Frankfurt am Main, Amsterdam-Rotterdam Bank, NV in Amsterdam, Banque de Bruxelles S.A. in Brussels, Banca Commerciale Italiana in Milan, and Kredietbank S.A. Luxembourgeoise in Luxembourg.

Debentures surrendered for redemption should have attached all coupons appertaining thereto maturing after the redemption date. On and after the redemption date interest on the Debentures shall cease to accrue and the coupons for such interest shall be void, and any right to convert the principal of the Debentures shall terminate at the close of business on the redemption date.

The current conversion price is $29.91 per share. Any holders of the Debentures who wish to convert may do so by surrendering Debentures, with all unmatured coupons appertaining thereto, to the Company at any of the offices specified above in the case of payments, together with a notice of election to convert, and specifying the name or names in which the shares of common stock of the Company deliverable upon such conversion shall be registered, with the addresses of the persons so named. Please note that the Conversion Notice on the reverse side of each Debenture, if properly completed and executed by the holder, will constitute a sufficient notice of election.

Marriott Corporation

Dated: August 30, 1981

Dana offer for Brown minority

Dana Corporation, the U.S. truck and car component manufacturer, is prepared to pay £3.7m to buy out the minority holding in Brown Brothers Corporation, the motor accessory distributor, which it took control of in 1976.

Dana, which owns just over 60 per cent of Brown, announced yesterday that it had approached the board of Brown to find out whether agreement could be reached on a recommended offer of 26p each for the outstanding shares. The Brown shares rose 3½p to 24p on the London Stock Exchange yesterday.

Brown recently reported a loss of £668,000 for the 12 months to the end of June, compared with a profit of £4.16m in the previous year.

FOTHERGILL BUYS OUT JOINT VENTURE

Fothergill and Harvey has bought all the shares in Oak-Fothergill Inc. held by its former joint venture partner, Oak Technology Inc. of Illinois.

The new company will be known as Fothergill Composites Inc. and will continue to operate from Bennington, Vermont. Mr Bill Lyons, previously vice president and general manager, has been appointed president of the new company.

Fraser's £2.5m store sale

House of Fraser has sold the Kendal Milne Furniture store at 89/93 Deansgate to London and Manchester Securities for over £2.5m.

The store is to be converted into eight new shops with executive offices on the upper floors and has been renamed Number One King Street.

The premises were surplus to House of Fraser's requirements following its decision to consolidate all its activities into its main 250,000 sq ft Kendal store on the opposite side of Deansgate. This is being upgraded at a cost of £500,000.

EID PARRY (INDIA)

New Ambadi Estates Private of India has acquired two UK held shareholdings in E.I.D.-Parry (India), representing 12 per cent of Parry's equity. The shares were acquired from Commonwealth Development Finance Company and Pearl Assurance Company and are listed both in London and Madras.

The Parry group, with annual sales of £122m and assets of over £36m, is involved in sugar products, chemical manufacturing and trading. It has a wholly owned subsidiary in the UK, Parry Murray.

NO PROBE

Mr John Biffen, Secretary of State for Trade, has decided not to refer the merger between Northern Engineering Industries and Amalgamated Power Engineering to the Monopolies Commission.

BEAZER/WESTBRICK

On September 4, L. Messel and Co., brokers to C. H. Beazer and Co. bought 10,000 shares in Westbrick Holdings on behalf of Beazer.

Lovat Fund invests £545,000 in Minehaven

The Lovat Enterprise Fund, formed last year by M. J. H. Nightingall and Co. and five leading City institutions, has completed a further investment by way of a subscription of £545,000 for shares in Minehaven.

The Minehaven Group was founded in 1973 and is now the leading manufacturer of environmentally-controlled pig accommodation units in the UK.

The directors of the Lovat Fund consider this an attractive investment, which values the Minehaven Group at approximately £1.5m. Over the past five years, sales have gone up sixfold to over £4m, and pre-tax profits have increased from a loss position in 1977 to forecast profits of not less than £300,000 for the year ending March 31, 1982.

The Lovat Fund was formed with £7.5m available for investment and its principal aim is to provide long term capital to selected companies with pre-tax profits between £100,000 and £350,000. The Fund will take only a minority stake (between 5 per cent and 40 per cent) of a company's equity capital.

The institutions investing through the Lovat Fund are: National Coal Board Pension Funds, Legal and General Assurance Society, Electra Investment Trust, Prudential Assurance Company and the Equitable Life Assurance Society.

SHARE STAKES

Birmingham Mint — Temple Bar Investment Trust has increased holding to 7.43 per cent, being 150,000 ordinary shares.

Drayton Premier Investment Trust—NCB Pension Funds has purchased 300,000 shares bringing total holding to 8,321,789 (27.31 per cent).

Espley-Tyas Property Group—Consult International, in which Mr R. B. Shuck, chairman and chief executive of Espley-Tyas, is beneficially interested, has bought 50,000 ordinary shares.

Star Computer Group—On September 4 Jack W. Schumann and Michael David Blechner, the founders and joint chairmen of the group, each sold 32,500 ordinary shares to an institutional investor at 230p. Following these sales the beneficial holdings of the vendors will be: Mr Schumann 2,152,500 shares and Mr Blechner 2,217,500.

Temple Bar Investment Trust — London and Manchester Assurance Company is now interested in 1,579,984 ordinary units (5.56 per cent).

Thomas Warrington and Sons—Espley-Tyas Property Group on September 3 bought 90,000 ordinary, bringing total holding to 545,477 (18.15 per cent).

F. Pratt Engineering Corpn.—L. M. James, director, on August 20 sold 30,000 ordinary shares for net consideration of £27,061. The shares were in his own beneficial ownership.

Rentokil Group — Sophus Berendsen A/S has acquired 25,000 shares making holding 52,835,000 (55.4 per cent).

Allied Industrial Designers—National Water Council Superannuation Fund is the beneficial shareholder of 700,000 ordinary shares (7.35 per cent).

Alpine Holdings—The interests of Mr H. H. Singer have been reduced as a result of the sale of 10,000 ordinary shares by a member of his family. Mr Singer's holding has now fallen to 565,386 ordinary shares which is less than 5 per cent.

Brent Walker — Pall Mall Investments, a company owned by the trustees of Mr G. A. Walker's discretionary settlement, has acquired 750,000 shares (10.7 per cent). Mr G. A. Walker and his immediate family owns 1,333,455 (19.05 per cent).

Fundinvest — As a result of purchases between March 30 and September 2 1981, Edinburgh Investment Trust is the beneficial owner of 1,030,000 capital shares (16.21 per cent).

Moss Bros. — Prudential Corporation Group has acquired a further 7,500 ordinary stock units, bringing total holding to 176,500 (7 per cent).

Plysu — C. S. J. Summerlin, director, has disposed of 55,000 ordinary shares.

Western Mining maintains profits and dividends

BY GEORGE MILLING-STANLEY

THE leading Australian mining house Western Mining Corporation (WMC) maintained its profits and dividends for the year ended on June 23, despite the depressing effect of lower nickel and gold prices during the second half.

The company is to pay an unchanged final dividend of 7 cents (4.3p), making a total of 14 cents, from attributable operating profits of A$57.97m (£36m), compared with A$57.39m in 1979/80, reports our Sydney correspondent.

Earnings in the second half fell by 19.6 per cent to A$32.37m, in line with the lower metal prices prevailing. The good performance for the full year was attributable to the 27.7 per cent increase during the first half of the financial year.

Sir Arvi Parbo, WMC's chairman, described the 1980/81 results as "a reasonably good outcome for the year."

The company's involvement in nickel and gold insulated it from the worst ravages of the other metal markets, and WMC has also been helped by the inclusion of a full year's contribution from the 50.3 per cent-owned BH South.

Sales revenue from nickel and its by-products rose by 4.7 per cent to A$280.7m, out of a total turnover of A$303m, in spite of the 6 per cent cut in prices last November. In volume terms, sales were 2.5 per cent lower at 39,300 tonnes compared with 40,300 tonnes.

Earnings came out at 22.6 cents per share, compared with 22.4 cents last time.

Extraordinary items produced a credit of A$1.61m, largely represented by the gain on the disposal by BH South of its interest in Beach Petroleum, compared with a credit last time of A$5.35m, most of which was attributable to the sale of 49 per cent of Olympic Dam.

After the inclusion of extraordinary items, final net profits were 5 per cent lower at A$59.58m compared with A$62.74m.

The principal factors affecting earnings, apart from the increase in the value of nickel sales, were higher dividends from BH South, Alcoa of Australia, Gold Mines of Kalgoorlie and Three Springs Talc, lower tax charges and a revaluation in the Australian dollar in terms of the U.S. dollar.

These were to some extent offset by increased operating costs in all companies within the group.

WMC's gold mining subsidiary Central Norseman Gold suffered a 13.5 per cent fall in net profits for the year to A$20.38m, despite an increase in the average price it received during the year for the metal.

Central Norseman said the reduction was due to higher costs and a decline in both gold grades and recovery levels, which were partly offset by an increase in the amount of ore treated.

By contrast, another major subsidiary, BH South, now largely an investment company, increased its profits by 117 per cent to A$8.09m. Earnings rose to 14.6 cents a share from 6.7 cents.

BH South's results are not directly comparable with those of the previous year as several subsidiaries have been sold to CRA, the Australian arm of the Rio Tinto-Zinc group.

WMC shares were unchanged at 230p in London after the announcement of the results.

Endeavour Resources says bid for Northern Mining still on

THE TAKEOVER bid by Mr Alan Bond's Endeavour Resources for Northern Mining, which was last week reported to have been cancelled, is now on again, subject to certain conditions.

Northern's main asset is a 5 per cent stake in the Ashton diamond joint venture in Western Australia.

The joint venture's title to part of the diamond prospect at Lake Argyle has been disputed by Afro-West Mining and Exploration, but CRA, the consortium leader with a stake of 56.8 per cent, has said that it rejects the claim and hopes to have the dispute settled before the end of this year.

The remaining 38.2 per cent of the joint venture is held by Australia's Ashton Mining.

Endeavour, which already holds 40 per cent of Northern, is bidding for the remainder at A$3.64 per fully-paid share and A$3.44 per partly paid. This values Northern at something in excess of A$50m (£31m).

Mr Bond's company said yesterday that its offer is conditional on any litigation arising out of the claim by Afro-West being resolved "in a manner not materially adverse to the financial interests of the Ashton joint venture or those of Northern Mining."

Endeavour's offers are open for six months, and the company said that if the Afro-West claims have not been settled by the time they expire, the offers will be extended for a further six months "if this is practicable."

The joint venture is expected to reach full production in 1985 with an annual output of some 22m carats, mostly in the form of industrial or "near-gem" diamonds.

CRA said last week that the planned start of mining operations at the Argyle prospect had been delayed, largely because of the claims by Afro-West.

Northern Mining shares remained suspended on Australian exchanges yesterday.

Loss in first quarter for Nchanga Copper

ZAMBIA'S state-controlled copper and cobalt-producing Nchanga Consolidated Copper Mines (NCCM) has turned in a net loss of Kwacha 20.5m (£12.3m) for the first quarter ended on June 30, compared with a profit of K10.7m in the previous corresponding period.

The company said the main reasons for the loss were low copper prices, a loss at the Broken Hill division and high interest charges. These factors were offset to some extent by higher copper production.

Finished copper production for the quarter rose by 3 per cent to 95,475 tonnes, while cobalt output showed a slight improvement at 283 tonnes compared with 273 tonnes.

Production of lead and zinc was sharply lower at 7,056 tonnes, against 10,394 tonnes, largely as a result of a prolonged shutdown of the Imperial Smelting Furnace at the Broken Hill division for maintenance and rehabilitation work.

The total value of metal sales during the three months was K151.3m, virtually unchanged from the same period of 1980.

NCCM stockpiled cobalt to the tune of 122 tonnes during the quarter owing to adverse market conditions.

The results are in line with those for the final quarter of the previous year, although a substantial tax credit allowed the company to record a net profit in the three months ended on March 31.

NCCM is to be merged with its smaller sister company Roan Consolidated Mines into a new company, Zambia Consolidated Copper Mines. The new company is expected to begin operations early next year.

Gopeng tin production increases

Malaysia's Gopeng Consolidated managed a marginal increase in production of tin concentrates last month. However, production of 1,548¼ tonnes over the past 11 months remains well down on the 1,770¼ produced in the same period last year.

Idris increased production last month to 14¼ tonnes of concentrates; in the eight months to end-August the company produced 69¼ tonnes compared with 137¼ last year.

	Aug tonnes	July tonnes	June tonnes
Gopeng	167¼	165¾	157½
Idris	14¼	12	10
Mambang	28¾	26½	28
Tanjong	10¾	18	27¾
Pengkalen	3½	6	1¾

Oil and gas finds in Cooper Basin

THE Tirrawarra 14 development well drilled in South Australia's Cooper Basin has flowed at a rate of 392 barrels of oil a day following a drill stem test of the interval 9,600 and 9,810 ft.

The well has reached target depth of 9,810 ft and will be completed as an oil producer.

Interests in Tirrawarra 14 are held by Santos, Alliance Oil Development, Basin Oil, Bridge Oil, Crusader Resources, Delhi Petroleum, Reef Oil, Total Australia, Vamgas and South Australian Oil and Gas.

Meanwhile, a natural gas flow of 5.5m cu ft a day has been recorded at the Tartulla No. 1 well, also in the Cooper Basin. The flow was measured through a half-inch choke with a surface flowing presure of 1,000 psi.

Holdings in this well are Santos, 38 per cent, Delhi Petroleum, operator, 28.8 per cent, Western Mining, 16 per cent, Vamgas, 7.2 per cent, Australia Aquitaine, 8 per cent, and Cluff Oil (Australia), 2 per cent.

* * *

Weeks Australia—the recently floated Australian exploration arms of Weeks Petroleum—has acquired a 40 per cent interest in two exploration permits covering areas of A213 and 214 in the Amadeus Basin of the Northern Territory.

The permits were awarded by Northern Territory Authorities to Northern Metals, John McCormack and Michael Ward.

Under the terms of an agreement with Northern Metals, John McCormack and Michael Ward Weeks and five other companies were assigned interests in the permits.

Other interests in the permit areas are: Phoenix Oil and Gas, 25 per cent; Magnet Metals, 6.25 per cent; Lennard Oil, 6.25 per cent; Stirling Petroleum, 6.25 per cent; Monarch Petroleum, 6.25 per cent; Northern Metals, 5 per cent; J. McCormack, 2.5 per cent and Michael Ward, 2.5 per cent.

No payment will be made for the interests in the permit although each participant will bear their respective share of exploration and development costs. Weeks will be the operator of the group of participants and intends to commence exploration activities as soon as possible.

John Brown net borrowing jumps to £60m

Net borrowings of John Brown and Company, the gas turbine and engineering group which launched a rights issue last Friday to raise £24.9m, have grown from £34.2m at the March 31 1981 year-end to £60.4m at August 7.

The rights issue circular published yesterday reveals that term loans had grown to £70.5m in August from £57.2m at the year end, while the net cash balance fell from £23m to £10.1m.

The rights issue of 32.7m new shares is on the basis of one new share at 76p for every four held on the record on August 28.

Dunlop EGM adjourned

The requisite quorum was not present at the EGM of Dunlop Holdings to consider the resolution for the early repayment of the company's 8 per cent unsecured loan stock. A notice of an adjourned general meeting to be held on September 22 has therefore been posted to stockholders.

Winterbottom Energy Trust—Net asset value at September 4 was 79.1p after prior charges at par, and 82.0p after charges at market value.

Receivers for Diana Shoemakers

At the request of the directors, Mr J. P. Ord and Mr W. F. Ratford, partners in Peat, Marwick, Mitchell and Co., have been appointed Receivers and Managers of Diana Shoemakers, manufacturer of ladies' quality fitted shoes.

Although 30 employees have been made redundant, the Receivers and Managers are allowing the business to continue while efforts are being made to find buyers who may be interested in taking over the business, or parts of it, as a going concern.

T. D. Australia

PRE-TAX profits for Transport Development Australia fell from A$2.29m to A$2.18m on turnover higher at A$29.13m compared with A$24.14m for the year ended June 30, 1981. The company is a subsidiary of the Transport Development Group.

There was an uncertain start to the current year's trading due to stoppages and strikes, but demand for transport and storage facilities has been maintained at an encouraging level, the board states.

The final dividend is 4 cents, holding the total at 8.5 cents. Stated earnings per share went down to 16.4 cents from 17.2 cents, and the tax charge was less at A$22,000 (A$55,000).

Rupert Cornwell in Rome looks at the problems confronting the owners of Italy's leading daily newspaper, Corriere Della Sera

Political clouds overshadow Rizzoli empire

CAPITAL increases are all the rage in Italy today. But of the host of operations planned or already executed, there is little doubt which is commanding the most attention — the scheme by which Rizzoli, Italy's largest publishing and press group, and the third or fourth biggest of its kind in Europe, hopes to raise L153bn ($125m) of urgently needed fresh funds.

The project was first announced last April, alongside the deal whereby La Centrale, the financial company controlled by Sig Roberto Calvi and his Banco Ambrosiano group, would acquire 40 per cent of Rizzoli—making La Centrale the second largest Rizzoli shareholder after Sig Angelo Rizzoli, the group's president. Much has happened since then.

In May Sig Calvi was charged with currency offences, and was subsequently convicted, although he remains in conditional liberty, pending the outcome of an appeal. Then came the P-2 Freemasons Lodge affair, in which were implicated not just Calvi himself, but Angelo Rizzoli and Bruno Tassan Din, Rizzoli's managing director plus the editor and other senior journalists of the Corriere Della Sera, Italy's most important daily paper which Rizzoli has owned since 1974.

Now, for obscure, but apparently related reasons, both Rizzoli executives have had their passports confiscated by a Milan magistrate.

Not surprisingly the Bank of Italy did not hurry to give its required blessing to the Calvi-Rizzoli deal. Finally, in early August, it came up with its own "Judgement of Solomon." With one eye on Rizzoli's financial discomfort, it authorised the deal, but with the other eye fixed of the new regulations preventing banking groups moving into unrelated fields, it decreed that the new shares to be subscribed by La Centrale would have no voting rights. So what happens now?

The answer, briefly, is that no-one knows. Might Calvi pull out of the deal, now that its terms have been changed? Or will he go ahead, and then, as always understood, sell off chunks of his new holding to third parties? This last possibility has rekindled talk that a consortium of illustrious industrialists might step in.

Questions now surround the position of Rizzoli himself, Tasan Din, and of course Calvi. The outcome will be settled only over the course of the coming weeks or even months.

Hardly less difficult to evaluate is the state of Rizzoli itself. It is Tassan Din's boast that whatever animosities he has aroused, some kind of order has been restored to the group's operations in the past few years.

In 1977 Rizzoli lost L25bn, in 1979 less than L5bn, while last year the group, whose interests range from newspapers, weeklies and books to advertising, paper products and private TV, managed to report a tiny profit of L1.9bn. The improvement has ben achieved by cutting out dead wood on the Press side particularly, and by expansion into more promising areas.

Some ventures have been less successful than others. Rizzoli suffered a setback this summer when Italy's Constitutional Court vetoed its efforts to set up a nationwide news programme on its private TV network. Even so, performance thus far in 1981 has been in line with forecasts of a 25 per cent growth in total turnover on last year's L596bn ($488m).

Sig Bruno Tassan Din (left), Rizzoli's managing director and Sig Roberto Calvi of Banco Ambrosiano

But it is not so much Rizzoli's TV ambitions that have whetted political interest as its 25 per cent share of Italy's newspaper market—and above all the Corriere Della Sera.

The group has had its recent successes: notably Gazzetta Dello Sport, which now makes L6bn a year, while improvements have been made at other members of the Press stable, including Il Mattino of Naples and the north-eastern daily Alto-Adige. But constant losses are forcing the closure of Corriere Dell'Informazione, the Milan afternoon paper and the same fate might befall L'Occhio, if it is not back into the black by the end of 1982, according to Tassan Din.

But it has been the Corriere above all which has been buffeted by the P 2 hurricane. The paper itself, quite apart from its political importance, is a regular money spinner, thanks to its base in rich Lombardy and Milan, and its strong regional concentration. Although total sales, including subscriptions, are now said to be moving back up towards 580,000 copies a day, the P-2 affair, by Rizzoli executives' own admission, cost it at least 25,000 in daily sales. Whether it can regain its previous authority depends largely on its new editor, Sig Alberto Cavallari.

But the expansion in sales, and the return to profit has been achieved at a heavy price. Total debt at the end of 1980 stood at L247bn, or 41 per cent of turnover. In fact debt has remained fairly constant over the past 18 months, but rising interest rates has pushed servicing charges up to L59bn for 1980 from L40bn a year earlier. While sales have doubled since 1977, the group's capital has remained inadequate at L25.5bn. Hence the proposed increase.

The plan is to use fresh funds to reduce debt to L150bn or less, and restore the ratio between debt and own resources to a more conventional level. Given that the Ambrosiano group was Rizzoli's main creditor, Sig Calvi is basically being asked to turn these loans into a direct equity participation. But is the deal worth this price now that the Bank of Italy has changed the rules? And if not, what will happen?

The alarmist version is that Rizzoli might be forced to sell off the Corriere (which is probably what some people have been aiming at all along). But Rizzoli executives insist that the deal will go ahead, and that even if it did not, then the group would soldier on anyway, with the goal of consolidating the improvements of the last two years.

In the meantime the poker game continues, until the players are forced to reveal their hands.

ABV to increase capital for expansion

By William Dullforce in Stockholm

ABV, Sweden's second largest construction group, is increasing its share capital by SKr 13.5m to SKr 94.5m ($18.2m) by a one-for-six rights issue of new unrestricted 'B' shares at SKr 200 a share. The current market price is SKr 300.

This is the first issue by the company of shares which can be marketed internationally. It will be followed next year by a one-for-three scrip issue, raising the share capital to SKr 126m, the board decided yesterday.

ABV's equity-to-debt ratio is a fairly low 16 per cent. The rights issue will boost it by 1½ per cent. The increased capitalisation is also prompted by ABV's drive for expansion outside Sweden.

Last year the group turned in increased earnings of SKr 87m on a SKr 4.9bn turnover, of which only about 6 per cent was realised abroad. The dividend was raised by SKr 1.25 to SKr 6.50 a share.

This year ABV anticipates a 20 to 25 per cent climb in sales, boosted by a sharp rise in foreign contracts, which include a SKr 1.5bn order to build shelters in Iraq.

In the summer the company bought Ray Wilson Company of Los Angeles in the U.S., which has annual sales of some $55m.

Boise downturn

Boise Cascade, the leading forest products group, expects third quarter results to be "one of the worst in recent years" due to current economic conditions, Reuter reports from Portland. Last year's third quarter earnings equalled $1.10 a share, with total 1980 earnings reaching $5.11 a share. First-half profits of 1981 were $2.41 a share.

Sanyo Electric cuts Eurobond to $50m

BY ALAN FRIEDMAN

SANYO ELECTRIC yesterday cut the amount of its planned 15-year Eurodollar convertible from $100m to $50m as the market for Japanese convertibles continued to deteriorate.

According to Yamaichi Securities, the lead manager, the final terms of the issue are for a $50m bond with a 5 per cent coupon; the conversion premium will be 4.15 per cent and the exchange rate has been fixed at Y231.10 to the U.S. dollar.

The falling Japanese convertible market was also highlighted by the poor debut of Minolta Camera, a 15-year issue which was cut last week from $50m to $40m. In its first day of trading it was quoted at a bid price of 89 against its issue price of par.

Elsewhere, Eurodollar bond trading was quiet with prices down ¼ point on average.

In the continuing effort to interest investors in higher yielding straight dollar bonds, however, lead managers Blyth Eastman Paine Webber and Chemical Bank devised a new scheme for the $50m four-year issue for GTE Finance. The issue, priced at 99½ with a coupon of 16½ per cent, carries warrants for holders to purchase an additional $1,000 note.

The lead managers' innovation is an offer to repurchase the warrants from investors at $25 each. This effectively lowers the price to 97 and provides a yield of 17.35 per cent.

Meanwhile, in the Swiss franc sector, prices came off ¼ point as the Swiss National Bank authorised a new rise in medium term bank note rates from 6¼ per cent to 6½ per cent for notes with maturities of 3 to 4 years.

This bad news, however, did not stop plans from going ahead for the launch next Wednesday of a SwFr 100m 10-year issue for the City of Oslo. The lead manager will be Handelsbank NW and the indicated coupon is 8¼ per cent, a rise from the previously expected 8 per cent.

At the Union Bank of Switzerland, a SwFr 50m convertible issue for Sogo Stores, the Japanese group, is being arranged privately. This issue, with a coupon of 6 per cent, matures in 1987 and will have a conversion premium of 4.92 per cent, based on yesterday's closing price for the underlying stock in Tokyo.

Kenya seeks Eurocredit

BY PETER MONTAGNON, EUROMARKET CORRESPONDENT

KENYA is making a rare appearance in the Euromarket with a $100m, eight-year credit led by Bank of Tokyo, Citicorp, National Westminster and Societe Generale.

The credit will bear a margin of 1 per cent over London inter-bank rates (Libor) for the first three years rising to 1¼ per cent thereafter. Repayments begin after a grace period of three years.

This is the Republic of Kenya's first medium-term borrowing in the Euromarket since a $200m borrowing was arranged through National Westminster two years ago. That credit bore a margin of only 1 per cent but the maturity was shorter at six years.

Kenya thus has considerable scarcity value in the market and bankers close to the deal are hoping that the new credit will attract considerable interest when it is launched on to the market later this month.

They point out that Kenya still has a low debt service ratio by developing country standards. Last year the ratio was a mere 8.6 per cent, although this year it is expected to rise to around 10.6 per cent.

Good start for John Labatt

By Our Montreal Correspondent

JOHN LABATT, the brewery and food products arm of Brascan, has started the year well, earning C$17.6m or C$1.15 a share in the first quarter ended July 31, compared with C$12.7m or 91 cents a share in the corresponding period last year. Sales were C$535m against C$388m.

Labatt plans an aggressive acquisitions programme in Canada and the U.S., mainly in the food-processing area, and aims to be a market leader in each sector where it operates.

The company estimates that sales in the full year should approach C$2bn and earnings should be substantially up from last year's C$44.6m.

Ontario likely for VW plant

BY ROBERT GIBBENS IN MONTREAL

AFTER WEEKS of talks with the Federal Government, Volkswagen of West Germany, will probably locate a C$100m (US$86m) car parts plant at Barrie, Ontario, near Toronto, rather than in the Montreal area.

The plant will make steering-gear and other front-end parts to be exported mainly to VW's assembly operations in the U.S. The value of the exports would reduce import duties being paid on VW Rabbits (known as the Golf in Europe) now brought into Canada, and would help Volkswagen Canada compete against Japanese imports.

North American sales of Rabbits have been under strong pressure from the Japanese all this year

Quebec also made a strong bid for the VW parts plant, arguing that it has a disproportionate share of the Canadian car manufacturing industry, and the Federal Government offered special grants to persuade VW to decide on the Montreal area. However, Mr Bruno Rubess, the president of VW Canada, has made it clear that the company prefers Barrie because production and transportation costs would be lower there. VW set a deadline of August 31 for a decision and the final step is imminent.

The VW case may well be repeated in the next year or two, as the world car industry restructures. The Japanese, pondering assembly plants in the U.S., have been considering locating parts plants in Canada to achieve production efficiency and to receive the Canadian import duty drawback. The Canadian market is still not large enough for local assembly by Toyota or Datsun, despite the success of these two companies in the market. Several European parts makers are also known to be considering operations in Canada.

The Montreal area will get another important vehicle industry plant. Klockner Humboldt Deutz of West Germany is going into production with a new light-weight air-cooled diesel engine compatible with many vehicles now powered by petrol engines.

KHD has been operating in the sales and service areas in Montreal for many years. It has developed the lightweight diesel in a programme backed by the Federal Government over the past five years. Its new plant will cost around C$100m, and it will be designed to supply a North American market.

Diversification helps Hooker boost earnings

By Our Sydney Correspondent

HOOKER CORPORATION'S increasing diversification out of real estate development has helped the group to surpass predictions by increasing profits 36 per cent, from A$8.1m to A$11.1m (US$12.7m) in the year to June 30. Turnover increased at the more modest rate of 6.1 per cent, from A$277.7m to A$294.7m (US$339m) with profit increasing from 3 per cent to 3.8 per cent of turnover.

A final dividend of 3.75 cents a share has been declared maintaining the total for the year at 7.5 cents on capital increased by a two-for-five scrip issue made during the year, the first such issue since 1955.

While real estate activities still account for a big share of profits, contributions from Hooker's associate finance company, Network Finance, and its retail chains rose markedly.

Hooker's capital reserves were boosted by an extraordinary profit of A$7.4m from the sale of profit sharing interests in shopping centres in Brisbane and South Australia, and the sale of the Legune cattle station. Last year there were extraordinary profits of A$4.1m.

The popularity of the property trusts under Hooker management made some contribution to the higher profits. Most of the group's trusts have reached their allotted distribution rate, have reviewed the rents of their properties, and are now in the "super income" bracket.

Hooker's real estate agencies earned increased profits in all Australian states except Tasmania, while significantly increasing its share in the sluggish Adelaide market.

Interfood holds on to sales gains

By Our Financial Staff

INTERFOOD, THE Swiss chocolates company whose major brands include Tobler and Suchard, says sales have continued to grow at a steady rate during the first half of 1981.

Last year turnover improved by just under 16 per cent and the opening six months of 1981 have maintained this sort of sales progress, the company told a Press conference.

Referring to last year's performance, general manager Joerg Von Wyss said that sales by volume during 1980 had risen to 186,000 tonnes from the 169,000 of 1979 despite the less favourable economic environment.

The trend towards lower prices for cocoa, the principal raw material of Interfood, had been beneficial for the group companies in 1980. But this was largely compensated for by price rises for sugar, cocoa, butter, and hazel nuts.

Group sales in 1980 rose by 15.8 per cent to Sw Fr 1.46bn, with net profit increasing to SwFr 14.9m ($7.1m), a gain of 15 per cent.

Ideal Toy progress

Recovery continues at Ideal Toy, the New York-based group, with second quarter profits of $1.03m making $1.94m or 50 cents a share for the half-year, our Financial Staff writes. Last year the group incurred a half-year loss of $1.72m, equal to 44 cents a share.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday September 14. Closing prices on September 7

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13½ 88	75	86⅛	86⅝	−0⅛	−2½	16.84
CIBC 14½ 84	185	94½	95	−0⅛	−0½	17.06
CIBC 15¾ 86	75	98	98½	0	−1⅛	16.38
CNA 15½ 96	75	90	90½	+0⅛	−2	17.05
CNE 12¾ 91	100	80	80½	−0⅛	−1⅜	17.06
Citicorp Int. Fin. 15 86	150	95⅜	95⅞	0	−1¼	16.33
Citicorp O/S 15¼ 84	175	98	98½	0	−0⅛	16.24
Con. Illinois 14¾ 84	100	86⅝	87⅛	—	—	21.09
EEC 14⅜ 93	85	89¼	89¾	0	−2⅛	16.84
EIB 12¾ 89	75	82⅞	83⅜	−0⅛	−1½	16.79
Eldorado 13¾ 86	50	88⅝	89⅛	−0½	−1⅛	16.87
Elec. de France 13 88	125	85⅜	85⅞	−0⅛	−1⅛	16.79
Fed. Bs. D. 15¾ 84 (J)	40	98⅛	98⅝	0	−0⅛	16.43
Fin. Exp Credit 10½ 85	50	81½	82	−0⅛	−1⅛	17.39
Finland, Rep. of 9½ 86	100	76⅝	77⅛	0	−0⅛	17.15
Ford Cr. O/S Fin. 16 84	150	99	99½	0	−0⅛	16.24
Ford Cr. O/S Fin. 16 85	150	97	97½	+0⅛	−0⅛	16.97
Gaz de France 13½ 86	80	89⅛	89⅝	−0⅛	−1⅛	17.02
GMAC O/S Fin. 12⅞ 88	100	85⅛	85⅝	−0⅛	−2	16.66
GMAC O/S Fin. 14⅜ 87	100	92⅜	92⅞	+0⅛	−1	16.78
Genstar 14¾ 91	50	82¾	83¼	−0½	−1⅛	16.18
Hiram Walker 16 86	50	100⅛	100⅝	0	−0⅛	15.81
IBM Wld. Trade 14¾ 84	100	99⅝	100⅛	−0⅛	−0⅛	14.73
IBM Wld. Trade 14¾ 85	80	98⅛	98⅞	−0½	−1	15.21
Nat. Bk. Canada 15¾ 84	40	97⅛	97⅝	0	+0⅛	16.35
Newfoundland 13½ 90	60	85⅛	86⅛	−0⅛	−1⅛	16.69
Nova Scotia 15 91	75	91⅞	92⅜	−0⅛	−1⅛	16.65
Ontario Hydro 13½ 91	100	86⅛	86⅝	−0⅛	−1⅛	16.35
Pacific Gas Elec. 16 88	75	100⅜	100⅞	−0⅛	−1	15.82
PSNH Int. Fin. 17 88	30	98⅛	98⅝	+0⅛	+0⅛	17.45
Royal Bk. Canada 14 86	100	92	92½	−0⅛	−0⅞	16.44
SNCF 13 91	75	83⅜	84⅛	−0⅛	−1⅛	16.39
Shell Canada 15¾ 91	100	97⅞	98⅜	−0⅛	0	16.13
Sth. California 14 87	50	93⅜	94⅛	−0⅛	−0⅛	15.62
Sth. California 14⅞ 88	50	94⅛	94⅝	+0⅛	−0½	16.13
Sven. Handlsbk. 13⅜ 88	45	88	88½	−0⅛	−1⅛	16.78
Swed. Ex. Credit 13 86	75	87⅛	87⅝	+0⅛	−0⅛	17.23
Swed. Ex. Cred. 15⅜ 88	50	95⅛	95⅝	−0⅛	−1⅛	17.14
Toronto-Dom. Bk. 14 84	50	93⅞	94⅜	−0⅛	+0⅛	16.84
Trihuna O/S Fin. 14 86	50	†91⅜	91⅞	0	−0⅛	16.71
Walt Disney 15⅝ 86	100	97	97½	—	—	16.60
Wells Fargo Int. 15½ 84	50	97⅛	98⅛	+0⅛	−0⅛	16.36
World Bank 14⅜ 86	500	92⅛	92⅝	0	−1	16.75
World Bank 16 86	210	97⅝	98⅛	−0⅛	0	16.60
World Bank 16 88	80	97⅜	97⅞	−0⅛	0	16.48

Average price changes... On day −0⅛ on week −0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	95¼	95¾	+0⅛	−0⅛	10.75
Austria Rep. of 8⅜ 92	150	84⅜	84⅞	0	−1⅛	10.70
CECA 7⅞ 92	150	†84	84½	0	−0½	10.32
CECA 10 91	120	†97½	98	+0⅛	−0⅛	10.38
Cll-Honeywell 8½ 90	125	†84⅝	85⅛	+0⅛	−1⅛	11.16
Council of Europe 10 91	100	96½	97	−0⅛	−1⅛	10.53
EIB 8½ 90	200	87⅛	87⅝	−0⅛	−0⅛	10.73
EIB 10½ 91	200	†98½	99	0	+0⅛	10.71
ESCOM 9¾ 87	100	89	89½	−0⅛	−0⅛	11.76
Finland, Rep. of 10 89	100	96½	97	−0⅛	+0⅛	10.62
Iberduero SA 9 90	100	†90	90½	+0⅛	−0⅛	10.72
Ind. Bk. Finland 8½ 90	50	†87⅝	88½	−0⅛	−0⅛	10.58
Int.-Am. Dv. Bk. 10 91	100	*95	95½	−0⅛	−0⅛	10.78
Japan Air Lines 8⅜ 87	100	90⅛	90⅝	−0⅛	+1½	10.29
Japan Dev. Bk. 7⅜ 87	100	87⅜	87⅞	−0⅛	+0⅛	10.51
Kobe, City of 8 90	100	85¼	85¾	+0⅛	−1	10.60
Midland Int. Fin. 8½ 90	180	87⅛	88⅛	0	−1	10.64
Nuclebras 9¾ 88	100	†86½	87	0	+0⅛	12.74
OKB 8¼ 92	150	†81	81½	0	−3⅛	11.31
Oslo, City of 8⅜ 90	80	89½	89⅞	−0⅛	−0½	10.70
Renault Acc 10⅜ 88	150	97	97½	−0⅛	+0⅛	11.48
Venezuela, R. of 9¾ 90	150	92¾	93¼	−0½	−0½	10.98
World Bank 8 90	700	83⅞	84⅜	+0⅛	−1	10.84

Average price changes... On day 0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	†90	*91	−0⅛	−0⅞	7.84
BFCE 6½ 91	100	89	89½	−1½	−3¾	8.10
Bayer Int. Fin. 5¾ 92	100	81½	82	−0⅛	−8⅛	7.76
Balnelectric Fin. 7¾ 91	100	96½	97	−0⅛	−2	8.22
Bernen, City of 6⅜ 91	40	93½	94	−0⅛	−3⅞	7.67
CECA 6⅜ 91	80	92	92½	−1½	−3⅛	7.94
Donmark 5¾ 90	80	79½	80½	−3⅛	−7⅛	9.14
Dome Petroleum 5¾ 91	100	85½	85½	+2	−7⅛	7.99
Dome Petroleum 7⅛ 90	100	98⅝	98⅞	−0⅛	−3⅞	7.44
Elec. de France 5¾ 90	100	†80	81	+1⅛	−3	8.41
Eurofima 5¾ 92	80	†95	95½	0	−3½	6.38
Finland, Rep. of 5¾ 90	80	78⅝	79	−0⅛	−6⅛	9.19
Franc. Petroles 6½ 91	80	86⅝	87⅛	+1½	−5⅛	8.55
Genstar 7 91	100	96	96¼	−0⅛	−5⅛	7.57
Int.-Amer. Dv. Bk 7 91	100	90⅛	91⅛	−4⅛	−7⅛	8.39
Japan Dev. Bank 5¾ 90	100	85	86	+0⅛	−7⅛	8.06
Mt. Blanc Tunnel 5½ 90	60	83	83½	0	−1⅞	8.21
Newag 5¾ 90	80	88⅛	88½	−0⅛	−3⅛	7.50
OKB 7 93	100	96	96¼	−0⅛	−3⅛	7.50
Oslo, City of 5¾ 90	80	*†85	86	−1	−2⅞	8.19
Philips Lamps 5¾ 92	100	78½	79½	−2⅛	−8⅞	8.24
Swed. Ex. Credit 7⅛ 91	75	93	93¼	−1⅛	−2	8.31
Trade Dev. Fin. 6⅞ 90	50	†87	88	−0⅛	−1⅛	8.13
Voest-Alpine 5¾ 90	80	84	84½	−0½	−0⅞	8.29
World Bank 6 91	100	†86	87	0	−5⅛	8.18
World Bank 7 90	100	*96	96¼	−0⅛	−4	7.62

Average price changes... On day −0⅛ on week −4⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	96⅞	97⅜	0	−0⅛	8.67
Australia 6½ 88	20	84⅞	85⅞	0	−0⅛	9.53
EIB 7⅜ 89	12	93⅛	94⅛	0	−0⅛	8.67
Finland 8 8 89	10	84⅜	84⅞	0	−0⅛	9.89
Finland, Rep. of 8⅜ 87	15	95⅞	96⅞	0	−0⅛	9.89
New Zealand 8½ 87	15	97	98	0	−0⅛	9.20

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	†82½	83½	0	0	15.86
CIBC 13½ 85 C$	50	†90½	91½	0	−0⅛	16.89
CIBC 11½ 85 C$	60	†85	86	0	+1	15.87
Federal Dev. 11½ 90 C$	60	†76	77	0	+0½	15.75
Fst. Can. Inv. 10 84 C$	50	†82	83	−0½	−1	16.78
R Bk. Canada 10 86 C$	40	†82	84	0	−1	15.29
Tordom Con. 13½ 85 C$	30	†92½	93½	0	+1½	16.09
M. Bk. Dnmk. 9 91 EUA	25	84½	85½	+2⅛	−1⅛	11.64

	Issued	Bid	Offer	Change on day	Change on week	Yield
SOFTE 8⅜ 89 EUA	40	79⅛	81	[illegible]	[illegible]	12.35
U. Bk. Nwy. 9½ 90 EUA	18	86½	87⅛	[illegible]	−0⅛	11.97
Algemene Bk. 10⅛ 86 Fl	60	91⅞	92⅜	−0⅛	+0⅛	12.61
Amro Bank 12 86 Fl	75	98	98½	−0⅛	−0⅛	12.47
Heineken NV 10 87 Fl	100	89¾	90½	−0⅛	−1⅛	12.46
Nat. Nedrlndn. 10 88 Fl	80	92½	93⅛	−0⅛	−0⅛	11.61
Ned. Midd. Bk. 10 85 Fl	75	92⅞	93⅜	−0⅛	−1⅛	12.28
Pierson 10⅛ 86 Fl	50	91½	92	−0⅛	−0⅛	12.73
Rabobank 12 86 Fl	50	97⅝	98⅛	−0⅛	−0⅛	12.56
Air France 14½ 86 FFr	200	89	90	−0⅛	−2⅛	17.84
Bk. America 14½ 86 FFr	250	88⅞	89⅜	+0⅛	−0⅛	17.97
Charb'nages 13⅞ 85 FFr	400	87½	88½	+0⅛	−1	18.06
EIB 14⅜ 88 FFr	300	85½	86½	−0⅛	−1	17.93
La Redoute 14⅛ 85 FFr	125	86	87	+0⅛	−0⅛	19.17
OKB 14 88 FFr	400	87⅝	88⅛	+0⅛	−0⅛	18.01
Solvay et C. 14⅜ 86 FFr	200	90⅝	91⅛	−0⅛	−2	17.76
Swed. E. Cr. 14⅜ 85 FFr	250	83⅜	84⅜	−2½	−2⅞	20.16
U. Mex. Sts. 14 85 FFr	150	87⅛	88⅛	+0⅛	−1⅛	18.76
Acona 14 85 £	20	92	92½	−0⅛	−0⅞	16.58
Beneficial 14⅜ 90 £	20	82⅞	83⅜	−0⅛	−0⅛	16.82
BNP 13½ 91 £	15	85⅜	86⅜	+0½	−0⅛	16.65
CECA 13½ 88 £	20	88⅛	89	0	−0⅛	16.28
Citicorp O/S 13½ 90 £	50	89	89½	−0⅛	−1⅛	16.82
Fin. Ex. Cred. 13⅜ 86 £	15	92½	93¼	+0⅛	+0⅛	15.98
Gen. Elec. Co. 12½ 89 £	50	85	85½	−0⅛	−0⅛	15.82
Hiram Walker 14⅜ 86 £	25	93½	93⅞	0	−0½	16.28
Privatbanken 14½ 88 £	12	90⅝	91⅛	0	+0⅛	16.86
J. Rothschild 14⅜ 90 £	12	93½	93⅞	+0⅛	+0⅛	15.64
Royal Trustco 14 85 £	12	93	93⅜	0	0	16.10
Swed. Ex. Cr. 13⅜ 86 £	20	92¼	92¾	−0⅛	−0⅛	16.13
Akzo 9⅜ 87 LuxFr	500	88⅛	89⅛	0	−0⅛	11.83
Euratom 9⅜ 88 LuxFr	500	86⅛	87⅛	0	+0⅛	12.87
Eurofima 10½ 87 LuxFr	500	88⅜	89⅜	+0⅛	−0⅛	13.25
EIB 9⅞ 88 LuxFr	600	85	86	−0½	−1⅛	13.22
Volvo 9⅜ 87 LuxFr	500	84⅜	85⅜	+0⅛	−0⅛	13.39

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	98⅜	98⅞	18/12	16⅜	16.58
BBL Int. 5 86	0¼	99¼	99⅝	20/11	18.31	18.40
BNP 5½ 88	†0¼	99¼	99⅝	29/10	18.81	18.91
Christiania Bk. 5½ 91	†0¼	98½	99	5/11	19.79	19.43
Citicorp O/S Fin. 94	†0	99¼	99⅝	30/9	18.18	18.28
C. Itoh 5¼ 87	0¼	98⅜	98⅞	18/9	15.44	15.58
Co-operative Bk. 6 86	0¼	99½	100	15/11	19.56	18.61
Den Norske Credit 6 90	†0¼	99	99½	5/11	19.19	19.33
Genfinance 5¼ 87	0¼	99⅜	99⅞	30/10	16.94	17.02
Genfinance 5¼ 92	0¼	99	99½	30/12	18.31	18.45
Giro und Bank 5¼ 91	†0¼	99	99½	23/9	19.06	19.21
GZB 5¼ 92	†0¼	98⅜	98⅞	5/9	17⅜	17.51
Ind. Bank Japan 5¼ 88	0¼	98½	99	9/10	15.44	15.54
Lloyds Eurofin 6 90 £	0¼	96⅞	97⅜	6/1	13⅝	14.03
Lloyds Eurofin 5¼ 92	0¼	98½	99	4/12	17.44	17.58
LTCB Japan 5¼ 86	0¼	99⅛	99⅝	13/12	17⅛	17.36
LTCB Japan 5½ 89	0¼	99¼	99¾	16/1	18.32	18.41
Man. Hanov. O/S 5¼ 94	†0¼	99⅜	99⅞	30/11	19⅜	19.45
Merrill Lynch O/S 87	†0¼	100⅛	100⅝	9/11	19.06	18.99
Midland Int. Fin. 5¼ 92	0¼	98⅝	99⅛	5/12	17⅛	17.57
Midland Int. Fin. 9 91	0¼	98⅝	99⅛	30/10	18.81	17.40
Nacional Fin. 6¼ 88	0¼	98⅞	99⅜	25/1	19⅛	19.42
Nacional Fin. 5½ 88	0¼	97⅜	97⅞	25/9	14⅞	15.28
Nat. Bk. Canada 5¼ 88	0¼	99⅛	99⅝	24/9	14½	14.59
Nat. West. 5¼ 94	§0¼	98⅜	98⅞	14/10	16.19	16.41
Nat. West. Fin. 5¼ 91	§0¼	98½	99	15/1	18⅛	18.35
Nat. West. Fin. 5¼ 92	§0¼	98½	99	23/10	16.81	17.03
Pemex 6 91	0¼	97⅛	97⅝	8/10	15.31	15.71
Societe Generale 5¼ 91	0¼	99	99½	22/1	18⅝	18.77
Sparebanken 6 87	0¼	98	98½	19/12	16.81	17.11
Svenska Hndlsbk. 6 87	0¼	99⅛	99⅝	15/1	18⅛	18.24

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	83	84½	−2½	−4.91
Bow Valley Inv. 8 95	4/81	23.12	100	101½	−0½	19.92
Canon 6⅜ 95	1/81	829	159	160½	−1⅛	−3.29
Daiwa Secs. 5½ 96	12/81	539	†87½	88½	—	−5.56
Fujitsu 5½ 96	7/81	732	†98½	99½	−4⅛	−3.25
Furukawa Elec. 5⅜ 96	7/81	300	†107	108	−3¼	−5.63
Hanson O/S Fin. 9½ 96	8/81	2.74	89½	90½	−1½	−0.16
Hitachi Cred. Cpn. 5 96	7/81	1966	†82	83	−2¼	−4.35
Ina Overseas 8¾ 2000	4/81	42	†95	96½	−2⅛	2.12
Inchcape 8 95	2/81	4.55	65½	67½	−0⅛	10.75
Kawasaki 5⅜ 96	9/81	229	†97¼	98¼	−1⅛	−20.44
Marion Int. Fin. 8 95	12/80	15.6	†73	74	−2⅛	40.13
Marui 6 96	7/87	997	†84½	85½	−2⅛	−0.14
Matsushita El. 7½ 95	11/80	690	84½	85½	+0⅛	−4.18
Murata 5⅜ 96	7/81	2190	†92	93	−3⅛	−2.80
NKK 5½ 96	7/81	188	†111	112	−3	24.51
Nippon Chemi-C. 5 91	10/81	919	†82	83	—	−7.72
Ricoh 6⅜ 95	8/80	604	†131½	133	−5⅛	−7.37
Sumitomo M. Ind. 7 95	2/81	161	†142¼	143¼	−1⅛	−4.99
Swiss Bk. Cpn. 6⅛ 90	9/80	200	70	72	−0⅛	38.40
Taylor Woodrow 8⅜ 90	1/81	4.94	89	90¼	+0⅛	2.98
Transco Int. 6⅜ 95	2/81	68	†76	77	−1	17.56
Tricorp 8½ 95	12/80	31.25	†80½	81½	−4½	32.35
Union Bk. Switz. 5 89	2/80	70.79	71	73	−0⅛	8.39
Sharp Cpn. 8½ 88 DM	9/80	595	†84½	185½	+3½	−0.85
Uny Co. 6½ 85 DM	11/79	579.3	105	106	−0⅛	−4.21

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Spanish retailer increases earnings

By Robert Graham in Madrid

SPAIN'S largest department store group, El Corte Ingles, raised turnover in 1980 by 16.7 per cent to Pta 120.5bn ($1.26bn) despite the continued deep recession in the Spanish economy. The increase, just one point ahead of the Spanish inflation rate, came principally from sales of food and clothing.

Profits rose by 17 per cent to Pta 3.1bn after a provision of Pta 3.6bn to cover amortisation and a further Pta 1.6bn for reserves.

Overall operating costs rose 20 per cent to Pta 29bn, equivalent to 24 per cent of total sales. The main extra costs came from increased social security payments, higher energy and fuel charges plus substantial advertising costs.

Advertising has traditionally been a main cost item of the group, but it was increased still further last year to counter efforts by the rival chain, Galerias Preciados. Galerias has been seeking to recover lost market shares.

The increased costs were offset by tighter management and increased sales per square metre. With a new centre now open at Sarragossa total floor space of the group has risen to more than 400,000 square metres. The group last year also branched out into hypermarkets via a new company, Hypercor. The first hypermarket was opened near Seville, from which the company showed a Pta 15m profit on sales of Pta 1.7bn.

Bredero sees sales gain

By Our Financial Staff

BREDERO, the Dutch building group, expects net earnings this year to be higher than the Fl 13.3m ($5m) reported in 1980.

Turnover is expected to increase to Fl 1.3bn from Fl 1bn last year following a gain of 15 per cent to Fl 800m in the first half. Half-year revenues from abroad rose to 55 per cent of the total from 42 per cent a year earlier.

The results of Bredero's building materials and property divisions declined, while those of the construction division remained favourable, influenced by an increase in pipecoating activities.

Earnings were hampered by high interest costs, but aided by the strength of the dollar.

Three-man Omega team to take up reins at SSIH

BY JOHN WICKS IN ZURICH

IN A major management reshuffle, the day-to-day running of the troubled Swiss watchmaker, SSIH, is to be taken over by the group's leading subsidiary, Omega Louis Brandt.

The reorganisation of SSIH's top management structure follows on from the bank rescue for the company earlier this year which saw a consortium led by the Union Bank of Switzerland pump SwFr 300m ($143m) of fresh capital into SSIH. In 1980 the company's losses totalled SwFr 162m.

Omega is to be given a three-man management team with responsibility for running the entire group. The best known SSIH products are Omega watches and watches made by the sister company, Tissot.

Mr Ulrich Doenz, who has been a leading figure in SSIH since before the current financial crisis, is to be managing director of the upgraded Omega company. Mr Doenz, general manager during the recent rescue operation, is virtually the only top executive of the former SSIH still on the scene. In the re-structured Omega company he will be responsible for administration, finances and U.S. business.

The group marketing effort will be headed by Mr Paul Peter, who joined the SSIH board in June. Mr Peter was formerly managing director of Gameo, an Omega distribution subsidiary. Mr Ulrich Spycher, who came to SSIH from the small engineering company, Feller, this summer, will be responsible for production.

The composition of the management triumvirate reflects the desire of the new SSIH board to improve group marketing. Many of SSIH's recent difficulties arose from lack of judgment on market trends.

An initial move in this direction took place last October, when there was a cutback in the activities of SSIH Management Services following a concentration of efforts on the Omega and Tissot operations.

The reorganisation will mean no real shift of personnel within Switzerland. Although the future holding company is registered in Geneva, its headquarters are in Bienne, Omega's home town.

First-half profits recovery for Dutch publisher

BY OUR FINANCIAL STAFF

ELSEVIER-NDU, the Dutch publishing group which last year suffered a sharp decline in earnings, reports a modest recovery for the first half of 1981.

After tax, profits are 5 per cent ahead at Fl 21m ($7.8m) for the six months ended June, against Fl 20m. For the year as a whole Elsevier expects profits to be "not lower" than the Fl 40.5m achieved for 1980.

Last year group earnings fell by more than a fifth and although Elsevier maintained its cash dividend at Fl 18.75 a share it was forced to omit a stock distribution which for 1979 had totalled 5 per cent.

Elsevier said that turnover figures adjusted to take account of publishing and bookselling operations sold off in 1980 showed an increase of 8 per cent compared with the 1980 first half.

The slump in the volume of advertising continued to put pressure on results but was partially compensated for by new export orders in the graphics division. Recovery in the book division was hampered by the depressed encyclopedia market.

On the positive side, Elsevier said circulation for daily papers and periodicals improved, bringing increased advertising revenue. In the science division, turnover rose sharply in the second quarter, after higher magazine sales and the favourable impact on guilder revenues as a result of a stronger dollar.

The half-year results do not include allowances for extraordinary income and costs.

Bergsoe group foundation moves base

By Hilary Barnes in Copenhagen

THE FOUNDATION controlling the Danish metallurgical group, Poul Bergsoe, is to move domicile from Denmark to Switzerland for tax reasons.

The foundation fears a move by the Government to tax self-owning foundations.

Foundations are at present tax-free as long as they function only as financial holding units and do not have any other operations. But an official committee is expected to report in November with recommendations for taxing foundations. Mr Mogens Lykketoft, the Tax Minister, has frequently called for taxes on foundation incomes.

The Bergsoe group of companies, including subsidiaries in the U.S., UK, South America and West Germany, specialises in lead smelting. It has a turnover of about DKr 1 bn and about 1,300 employees in Denmark and abroad.

Many other major Danish companies are partly or wholly owned by foundations. They include Novo, the pharmaceuticals company, the A. P. Moeller shipping group, Danfoss, the temperature control equipment maker, and Lego, the toy plastic building sets manufacturer.

Mr Lykketoft said that business circles appeared to have an exaggerated idea of what the Government was planning to do. No definite proposals would be made until the committee reported in November, although he personally favoured a tax on foundation interest incomes. He did not envisage taxing dividend incomes from the companies owned by the foundations.

Ciba and Asahi Chemical in joint venture talks

BY OUR ZURICH CORRESPONDENT

CIBA-GEIGY, the Swiss chemicals group, and Japan's Asahi Chemical are negotiating an agreement to set up a joint venture in Japan to produce items combining carbon fibres with other materials. The fibres are to be supplied by Asahi and bonding technology by Ciba-Geigy.

The agreement, which is expected to be signed shortly, will provide for a factory in the Shiga region. Operations are expected to start in the spring of 1983. Sales will be to the Japanese market, mainly to the aerospace and sports good industries.

Meanwhile, Ciba-Geigy is to close an old textile and leather dyes plant at its works in Grenzach, West Germany. Production will be phased out by the end of 1983, and the 100 redundant employees will be found jobs elsewhere in the group.

The plant, which produces azo-dyestuffs, is being closed because of the depressed state of the world textile industry and over capacities in the products concerned.

OIL SECTOR TO LEAD RECOVERY

Japanese industry sees upturn

BY YOKO SHIBATA IN TOKYO

JAPANESE INDUSTRIAL companies expect to report record half-year earnings for the six months to next March 31, after heavy setbacks in the current half, to the end of this month, according to a survey carried out by Nihon Keizai Shimbun, the leading Japanese economic daily.

The advance, it is suggested, will rest largely on a recovery in the oil industry based on a revival in domestic demand, and an upturn in the value of the yen in the foreign exchanges. The oil companies have been faced with heavy losses on foreign exchange account in the current half.

The survey, covering 841 companies listed on the nation's stock exchanges, excluding banks, securities houses, and insurance concerns, indicates that operating profits in the March half will rise 42.2 per cent from the half to this September, against the background of a 25 per cent fall in this half.

On this basis, earnings would surpass the peak reached in the half year ended last September. While the marked improvement in the earnings of the oil industry is put forward as the major reason for the buoyancy of total earnings (oil companies expect Y118bn of operating profits in the March half-year, following deficits of Y166.4bn in the half-year to this September) a recovery in earnings by nine electric power companies will also contribute.

The electric power industry foresees an 8.1 per cent rise in operating profits in the March half year over the previous half year helped by foreign exchange gains. Even without the oil and electric power companies (both are liable to swings in exchange rates and crude oil prices), Japanese corporations expect a 7.1 per cent rise in revenueand a 26.8 per cent rise in operating profits. This sharp upturn is attributed to the fully fledged recovery of the basic materials industries.

Among these cyclical industries, chemicals, textiles, and steel expect to boost operating profits by 2.3 times, 71 per cent, and 31 per cent respectively with the improvement coming from raising market prices.

Export-oriented industries such as electric appliances, precision machinery, and communication are expected to continue their earnings improvement in the half year to March. Electronics related industries have no fear of falling back in the next two years because of the increasing effects of volume production in semiconductors, VTRs, colour TV sets and computers.

The car industry alone expects operating profits to stand still in the half to March because of the diminishing effect of the yen's depreciation and a fall in exports to the U.S.

The forecasts in the survey assume the yen depreciating to Y230 to the dollar by the end of September from Y212 at the beginning of the current half, and an appreciation to Y210 by the end March 1982.

Advance at United Motor Works

BY WONG SULONG IN KUALA LUMPUR

THE FAST expanding Malaysian heavy equipment and car distributor United Motor Works has reported a rise of 2m ringgit in pre-tax earnings to 18m ringgit (US$7.6m) for the six months to June and the company says the results are satisfactory considering the depressed state of the logging industry. Turnover was up by 20 per cent to 213m ringgit. The dividend is unchanged at 5 per cent.

The results include the accounts of two subsidiaries in Singapore which were acquired last year, but do not include Syarikat Fiat Distributors, which is being acquired for 45m ringgit, and whose earnings are expected to be incorporated in the group's results for the second half.

Last week, UMW announced that it had acquired the distribution franchise of Toyota cars in Malaysia from Inchcape Berhad, the Singapore subsidiary of Inchcape Corporation.

The Toyota franchise, starting from next January 1, will be under a new company, in which UMW will hold 51 per cent. At least 30 per cent will go to Bumiputra (Malay) interests, while Inchcape Berhad and Toyota of Japan will each hold 7.5 per cent.

Tata plans Bombay expansion

BY R. C. MURTHY IN BOMBAY

TATA GROUP electric companies plan to set up a second 500 MW power plant in Bombay. The first 500 MW unit, which is India's first power plant of this size, is already being installed in Bombay by Tata. The cost of the first unit, the contract for which was awarded to Kraftwerke Union, a subsidiary of Siemens, has risen since April by Rs200m to Rs2bn ($220m). Besides arranging a World Bank loan, Tata has raised capital by a public share issue of Rs175m to finance this project. The share issue was oversubscribed four times. The first unit is to be commissioned by March 1983. It will augment electricity supply to the power-starved, but fast developing, industrial state of Maharashtra.

The second 500 MW plant, for which Government approval is being sought, is to replace three ageing 60 MW units of Tata located at Trombay, a Bombay suburb. A fourth unit of 150 MW capacity is also to be retired, in 10 years. Financing arrangements and the selection of contractors for the second 500 MW plant are yet to be finalised, says Mr N. H. Tata, chairman of the companies. The gestation period of the second 500 MW unit will be shorter than the first, since it will be set up adjacent to the first unit at Trombay.

Tata electric companies, comprising Tata Power, Tata Hydro and Andhra Valley, have been awarded a contract in Algeria for the design, engineering and commissioning of two high voltage substations.

Property sales keep Amoy in profit

By Our Hong Kong Correspondent

AMOY CANNING, the food and beverage manufacturer, lifted group profit attributable to shareholders from HK$9.09m to HK$409.25m (US$69m) for the year ending June 30, despite its manufacturing and trading activities producing an operating loss of HK$2.7m. The growth in profits came from the sale of property assets which resulted in extraordinary gains of HK$411.95m.

The directors are recommending the payment of a special cash bonus of HK$2 per share in lieu of a final dividend which, together with the interim dividend of 3 cents, makes a total payment of HK$2.03 per share for the year.

Last October, Amoy's property assets were valued at HK$625.10m following a general offer for the shares by a subsidiary of Hang Lung Development, the property developer. However, the scheme of arrangement whereby Hang Lung was to complete its purchase of Amoy was not approved by the Hong Kong Supreme Court.

Hang Lung now holds about 75.6 per cent of the company, including 63 per cent purchased from the Sime Darby group.

Sterling weak

Sterling lost ground in currency markets yesterday, reflecting to some extent growing concern over Britain's economic performance. Trading was rather thin yesterday with New York closed for Labor Day.

The dollar benefited from Friday's larger-than-expected rise in U.S. money supply figures but there was little incentive to trade in the absence of U.S. centres and any guide from the level of Federal fund rates.

Trading was quiet within the European Monetary System yesterday. The French franc showed a slight improvement although rumours of a possible devaluation persisted. The D-mark continued as the strongest currency and the Belgian franc the weakest.

STERLING — trade-weighted index (Bank of England) fell to 89.5 from 90.5, having stood at 89.9 in the morning and 89.6 at noon. Against the dollar it opened at $1.8270-1.8280, which was its best level of the day. It touched a low of $1.8160 during the morning but had recovered by noon to $1.8200 where it stayed for much of the afternoon. The pound closed at $1.8175-1.8185, a fall of 2½c from Friday's close in London. It was weaker against European currencies too, closing at DM 4.42 against the D-mark from DM 4.4475, and SwFr 3.83 from SwFr 3.8875. It fell to FFr 10.5550 in terms of the French franc from FFr 10.6550.

DOLLAR — trade-weighted index (Bank of England) rose to 110.7 from 110.3. The dollar closed at DM 2.4200 against the D-mark from DM 2.4125 on Friday and SwFr 2.1060 from SwFr 2.0975 against the Swiss franc. It was also firmer against the Japanese yen at Y230.90 compared with Y229.75 and the French franc at FFr 5.8050 from FFr 5.8000.

D-MARK—Very firm at the top of the European Monetary System and now trading fairly steadily against the dollar. After falling to a five year low against the U.S. currency in early August, the D-mark has improved on a slightly easier trend in U.S. interest rates and a better trade performance. The market remains nervous about future movements in U.S. rates however—The Bundesbank sold $40.65m at yesterday's fixing in Frankfurt as the dollar was higher at DM 2.4294 compared with DM 2.4190 on Friday. Yesterday's support for the D-mark was the largest for nearly a month and reflected the dollar's sharp rise in early trading. The U.S. unit touched a best level of DM 2.4370 before lunch possibly helped by a larger than expected rise in U.S. money supply. Trading was rather quiet however in view of the close of New York for a holiday.

Sterling fell to DM 4.4240 from DM 4.4660 while other currencies were mostly firmer. The Swiss franc rose to DM 1.1548 from DM 1.1525½ and the French franc was higher at DM 41.7900 per FFr 100 from DM 41.6600. At the close the dollar was quoted around DM 2.4290.

FRENCH FRANC—Trading a little more comfortably within the EMS after central bank support, amid continued rumours of a devaluation. The firm level of U.S. interest rates saw the franc fall to its lowest level for over 20 years against the dollar recently but it has shown a steadier tendency since then—The French franc was trading above its lower intervention point against the D-mark yesterday. The franc has suffered from moves by the new Government to reduce interest rates at a time when a very high planned budget deficit for 1982 is working to undermine international confidence in the currency. Yesterday's improvement may have reflected movement in short positions as people moved out of the French franc ahead of the weekend in case of any possible realignment. The D-mark fell to FFr 2.3941 from DM 2.3985 and the Belgian franc was lower at FFr 14.6230 per BFr 100 from FFr 14.6320. Sterling fell to FFr 10.5840 from FFr 10.7160 while the dollar was fixed higher at FFr 5.8160.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.0068	+0.51	+1.11	±1.5361
Danish Krone	7.91917	7.83016	−1.12	−0.52	±1.6413
German D-Mark	2.54502	2.50392	−1.61	−1.01	±1.1388
French Franc	5.99525	5.99635	+0.02	+0.62	±1.3638
Dutch Guilder	2.81318	2.77654	−1.30	−0.70	±1.5159
Irish Punt	0.685145	0.686712	+0.23	+0.83	±1.6688
Italian Lira	1262.92	1253.54	−0.74	−0.74	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE DOLLAR SPOT AND FORWARD

Sept 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8160-1.8280	1.8175-1.8185	0.68-0.78c dis	−4.82	2.15-2.25dis	−4.84
Ireland†	1.4980-1.5040	1.5020-1.5040	0.10-0.20c dis	−1.20	0.50-0.65dis	−1.53
Canada	1.1968-1.1980	1.1968-1.1972	0.38-0.43c dis	−4.06	0.84-0.89dis	−2.83
Nethlnd	2.6825-2.7010	2.6900-2.6930	0.56-0.66c pm	4.01	3.11-3.01 pm	4.54
Belgium	39.72-39.85	39.73-39.75	9-12c dis	−3.17	27-32 dis	−2.97
Denmark	7.5600-7.8150	7.5800-7.5800	1.05-1.30ore dis	−1.86	¼-¾ dis	−0.28
W. Ger.	2.4220-2.4360	2.4285-2.4295	1.21-1.16pf pm	5.85	3.71-3.65 pm	6.06
Portugal	65.50-66.00	65.60-65.80	10-50c dis	−5.48	30-130 dis	−4.87
Spain	97.45-97.85	97.70-97.75	10-30c dis	−2.45	30-80 dis	−1.64
Italy	1216-1218	1216½-1218½	9½-11lire dis	−10.24	34-37 dis	−11.68
Norway	6.0500-6.0700	6.0650-6.0700	2.70-2.20ore pm	4.84	7.65-7.15 pm	4.87
France	5.8000-5.8250	5.8025-5.8075	2.40-3.00c dis	−5.58	8-9 dis	−5.85
Sweden	5.2000-5.2210	5.2000-5.2200	1.05-0.85ore pm	2.15	4.20-4.00 pm	3.15
Japan	230.80-231.90	230.85-230.95	2.10-1.95y pm	10.52	6.35-6.20 pm	10.87
Austria	17.00-17.05¾	17.03½-17.04½	8½-8gro pm	6.16	24½-20½ pm	5.28
Switz.	2.0980-2.1090	2.1055-2.1065	1.32-1.22c pm	7.24	4.10-4.00 pm	7.69

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Sept 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8160-1.8280	1.8175-1.8185	0.68-0.78c dis	−4.82	2.15-2.25dis	−4.84
Canada	2.1750-2.1870	2.1765-2.1775	1.50-1.60c dis	−8.56	4.20-4.40dis	−7.90
Nethlnd.	4.88-4.94	4.89½-4.90½	¼-¾c dis	−1.22	¼-¾ dis	−0.41
Belgium	72.10-72.80	72.20-72.30	45-55c dis	−8.30	135-145 dis	−7.75
Denmark	13.76-13.91	13.78¾-13.80¾	7½-8½ore dis	−6.85	18¼-18¾ dis	−5.11
Ireland	1.2060-1.2100	1.2080-1.2098	0.30-0.41p dis	−3.52	0.90-1.06dis	−3.24
W. Ger.	4.41-4.45	4.41½-4.42½	¾-¼pf pm	1.02	1½-1¼ pm	1.24
Portugal	118.85-120.50	119.20-119.50	65-145c dis	−10.56	200-390 dis	−9.89
Spain	177.50-178.00	177.60-177.80	85-125c dis	−7.43	275-320 dis	−6.69
Italy	2207-2222	2210-2212	26½-27½lire dis	−14.38	88-91 dis	−16.19
Norway	11.03-11.10	11.08½-11.06½	¾ore pm-¾ dis	—	¾ pm-¼ dis	0.23
France	10.54-10.63	10.54½-10.56½	8½-9½c dis	−10.23	26¾-27¾dis	−10.33
Sweden	9.47-9.53	9.47½-9.48½	2½-3½ore dis	−3.32	4½-5½ dis	−2.06
Japan	417-423	418-420	2.10-1.90y pm	5.58	6.60-6.25 pm	6.13
Austria	30.90-31.20	30.95-31.00	5gro pm-par	0.97	5 pm-3 dis	0.19
Switz.	3.81-3.85	3.82½-3.83½	¾-¼c pm	1.96	3½-2½ pm	2.00

Belgian rate is for convertible francs. Financial franc 73.00-73.10. Six-month forward dollar 4.05-4.15c dis, 12 month 6.60-7.00c dis.

CURRENCY MOVEMENTS

Sept. 7	Bank of England Index	Morgan Guaranty Changes%
Sterling	89.5	Unavail'ble
U.S. dollar	110.7	"
Canadian dollar	85.9	"
Austrian schilling	112.0	"
Belgian franc	105.2	"
Danish kroner	86.3	"
Deutsche mark	115.7	"
Swiss franc	135.2	"
Guilder	108.5	"
French franc	82.3	"
Lira	57.2	"
Yen	140.7	"

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 4	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.615950	0.561197
U.S. $	14	1.15612	1.03485
Canadian $	20.69	1.36107	1.23975
Austria Sch.	6¾	19.3004	17.5821
Belgian F.	13	45.0330	41.0834
Danish K.	11	8.61065	7.84932
D mark	7½	2.74827	2.50692
Guilder	9	3.05048	2.78115
French Fr.	9½	6.59177	6.01453
Lira	19	1378.11	1255.79
Yen	6¼	261.648	238.584
Norwgn. Kr.	9	6.88261	6.26652
Spanish Pts.	8	110.612	100.773
Swedish Kr.	12	5.90385	5.38017
Swiss Fr.	6	2.38415	2.17680
Greek Dr'ch.	20½	-	61.3768

OTHER CURRENCIES

Sept. 7	£	$		£ Note Rates
Argentina Peso	9848-9868‡	5407-5427‡	Austria	30.85-31.25
Australia Dollar	1.5850-1.5870	0.8715-0.8720	Belgium	78.65-79.45
Brazil Cruzeiro	185.92-186.92	102.18-102.69	Denmark	13.76-13.91
Finland Markka	8.246-8.258	4.5370-4.5390	France	10.53-10.73
Greek Drachma	107.555-110.528	59.35-59.55	Germany	4.40-4.45
Hong Kong Dollar	10.85-10.87	5.9690-5.9740	Italy	2180-2235
Iran Rial	148.50*	80.75*	Japan	421-426
Kuwait Dinar (KD)	0.514-0.520	0.2836-0.2857	Netherlands	4.87¾-4.92¾
Luxembourg Fr.	72.20-72.30	39.73-39.75	Norway	10.99-11.11
Malaysia Dollar	4.3030-4.3130	2.3670-2.3700	Portugal	117¼-126
New Zealand Dlr.	2.1980-2.2000	1.2080-1.2090	Spain	172½-183½
Saudi Arab. Riyal	6.21-6.27	3.4200-3.4215	Sweden	9.45-9.55
Singapore Dollar	3.9260-3.9360	2.1600-2.1630	Switzerland	3.81¼-3.85¼
Sth. African Rand	1.7290-1.7310	0.9510-0.9530	United States	1.81¼-1.83¼
U.A.E. Dirham	6.66-6.72	3.6727-3.6737	Yugoslavia	76-80½

‡ Rate given for Argentina is the commercial rate. The financial rate for sterling is 13,503-13,523 and for the dollar 7,400-7,430. *Selling rate.

EXCHANGE CROSS RATES

Sept. 7	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.818	4.420	419.5	10.555	3.830	4.900	2211.	2.177	72.25
U.S. Dollar	0.550	1.	2.431	230.7	5.806	2.107	2.695	1216.	1.197	39.74
Deutschemark	0.226	0.411	1.	94.91	2.388	0.867	1.109	500.2	0.493	16.35
Japanese Yen 1,000	2.384	4.334	10.54	1000.	25.16	9.130	11.68	5271.	5.190	172.2
French Franc 10	0.947	1.722	4.188	397.4	10.	3.629	4.642	2095.	2.063	68.45
Swiss Franc	0.261	0.475	1.154	109.5	2.756	1.	1.279	577.3	0.568	18.86
Dutch Guilder	0.204	0.371	0.902	85.61	2.154	0.782	1.	451.2	0.444	14.74
Italian Lira 1,000	0.452	0.822	1.999	189.7	4.774	1.732	2.216	1000.	0.985	32.68
Canadian Dollar	0.459	0.835	2.030	192.7	4.848	1.759	2.251	1016.	1.	33.19
Belgian Franc 100	1.384	2.516	6.118	580.6	14.61	5.301	6.782	3060.	3.013	100

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 7)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 9/16	offer 18 11/16	bid 18 5/8	offer 18 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rate for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Sept. 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12⅜-12⅝	17-17¼	21-22	13⅝-13⅞	—	11½-11⅝	20-21½	19-22	12½-16	7-7⅛
7 days' notice	12⅞-13⅛	17½-17¾	21-22	13¾-13⅞	7½-8	11⅞-12	20-21½	22-25	14½-18½	7¼-7⅜
Month	13⅛-13⅜	17¾-18⅛	21½-22¼	13⅞-14⅛	10⅛-10⅜	12⅛-12⅜	25-25½	27¼-28¼	20¼-21¾	7¼-7⅜
Three months	13⅞-14	18⅛-18⅜	21½-21⅞	13⅞-14⅛	10⅛-10⅜	12¼-12⅜	24-24¾	29¾-30¾	20¾-21¾	7⅜-7⅝
Six months	13⅞-14	18½-18¾	20⅝-21	13¾-13⅞	10⅛-10½	12⅜-12⅝	23¼-24	29½-30½	20-20½	7⅜-7⅝
One Year	14⅛-14⅜	17⅞-18⅛	19¾-20⅛	13⅝-13⅞	9¾-9⅞	12⅛-12⅜	22-23	29-30	18½-19	7¾-8

SDR linked deposits: one-month 15⅞-16 per cent; three-months 16-16¼ per cent; six-months 16 5/16-16 7/16 per cent; one-year 15 11/16-15 13/16 per cent.

ECU linked deposits: one-month 16 13/16-17 1/16 per cent; three-months 17-17¼ per cent; six-months 16⅞-17⅛ per cent; one-year 16⅛-16⅜ per cent.

Asian $ (closing rates in Singapore): one-month 17¾-18 per cent; three-months 18 5/16-18 7/16 per cent; six-months 18 7/16-18 11/16 per cent; one-year 17¾-18 per cent. Long-term Eurodollar two-years 17½-17¾ per cent; three-years 17¼-17½ per cent; four-years 17-17¼ per cent; five-years 16¾-17 per cent; nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.75-17.85 per cent; three-months 18.10-18.20 per cent; six-months 18.30-18.40 per cent; one-year 17.80-17.90 per cent.

MONEY MARKETS

Tight finish

London clearing banks base lending rates 12 per cent

Money was in very short supply towards the close of London interbank trading yesterday, with overnight funds commanding 50 per cent at the finish. Rates opened at 12¼-12 per cent, and eased on the Bank of England morning forecast that the money market position was likely to be flat. By early afternoon overnight money was available at 11½-11¼ per cent, but then conditions tightened sharply, rising to the day's peak at the close.

Fixed period rates had an easier trend, despite the lack of any encouraging economic news, and disappointing U.S. money supply figures on Friday. Seven-day interbank funds closed at 12¼-12½ per cent, compared with 12⅞-12⅝ per cent before the weekend. Discount houses buying rates for one-month eligible bank bills eased to 12¾ per cent from 12 13/16-12 25/32 per cent, and three-month to 13⅛-13 5/32 per cent from 13 3/16 per cent.

The houses paid 11-12½ per cent for secured call loans, and there was no intervention by the authorities in the money market.

In the morning the Bank of England suggested that the main factors were: the unwinding of a repurchase agreement on bills −£100m, roughly balanced by a fall in the note circulation +£90m.

In Tokyo interest rates were slightly easier, with call money (unconditional) falling to 7 7/16-7 9/16 per cent from 7⅝-7 11/16 per cent. Money market conditions were tight last week, but are now expected to ease on lack of corporate demand for funds at the beginning of the month. The Bank of Japan intervened to add liquidity last Thursday and Friday, but not on a large scale. A major factor was tax payments amounting to some Y800bn (£1.9bn).

In Frankfurt call money was unchanged at the special Lombard rate level of 12 per cent. Period rates showed a slightly easier trend.

MONEY RATES

NEW YORK	
Prime rate	20-20½
Fed. funds	—
Treasury bills (13-week)	15.52
Treasury bills (26-week)	15.68
GERMANY	
Special Lombard	12.0
Overnight rate	12.0
One month	12.55
Three months	12.75
Six months	12.95
FRANCE	
Intervention rate	17.0
Overnight rate	13.375
One month	17.725
Three months	17.25
Six months	16.625
JAPAN	
Discount rate	6.25
Call (unconditional)	7.5
Bill discount (three-month)	7.40625

GOLD

Little change

Gold closed at $436-438 per oz in the London bullion market yesterday, just one dollar down from Friday's close. Trading was extremely quiet in the absence of U.S. markets and the metal traded within a very narrow band. It opened at $437¼-439¼ and was fixed at $437.25 in the morning and $436.50 in the afternoon.

In Paris the 12½-kilo bar was fixed at FFr 89,500 per kilo ($478.64 per oz) in the afternoon compared with FFr 89,500 ($478.61) in the morning and FFr 89,925 ($482.06) on Friday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 34,245 per kilo ($438.52 per oz) against DM 34,490 ($442.97) previously and closed at $436-438 from $439-441.

	Sept. 7		Sept. 4	
Gold Bullion (fine ounce)				
Close	$436-438	(£239¾-240¾)	$437-439	(£237-238)
Opening	$437¼-439¼	(£240-241)	$441-443	(£239-240)
Morning fixing	$437.25	(£240.313)	$440.25	(£238.598)
Afternoon fixing	$436.50	(£239.401)	$439.50	(£237.889)
Gold Coins				
Krugerrand	$449½-450½	(£247¼-247¾)	$451¼-452¼	(£244¾-245¼)
1/2 Krugerrand	$231½-232½	(£127¼-127¾)	$232¼-233¼	(£126-126½)
1/4 Krugerrand	$118-119	(£65-65½)	$118¼-119¼	(£64¼-64¾)
1/10 Krugerrand	$48¼-49¼	(£26½-27)	$48¼-49¼	(£25¾-26¾)
Mapleleaf	$449½-450½	(£247¼-247¾)	$451¼-452¼	(£244¾-245¼)
New Sovereigns	$108¾-109½	(£59¾-60¼)	$109¼-109¾	(£59¼-59½)
King Sovereigns	$122-124	(£67-68)	$122-124	(£66¼-67¼)
Victoria Sovs.	$122-124	(£67-68)	$122-124	(£66¼-67¼)
French 20s	$126-131	(£69¼-72)	$126-131	(£68¼-71)
50 pesos Mexico	$544-547	(£299-301)	$544-547	(£295¼-296¾)
100 Cor. Austria	$422-426	(£232-234¼)	$425-428	(£230½-232¼)
$20 Eagles	$578-583	(£317¾-320½)	$578-583	(£313½-316¼)

LONDON MONEY RATES

Sept. 7 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11¼-50	12¼	—	—	12-12⅝	11-12⅛	—	—	—
2 days notice	—	—	12⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¼-12¾	13	—	12¾	12⅝-12⅞	8½-12¼	—	—	—
One month	13 5/16-13 3/16	13 5/16-13¼	13½	14¼-13⅞	13½	13⅝-13½	12 9/16-12¾	12 7/16-12¾	12¾	13⅞
Two months	13 7/16-13¼	13⅜-13⅛	—	14¼-13⅞	13 7/16	13⅝-13¾	12⅞	12 15/16	12⅞-12 15/16	13⅞
Three months	13⅝-13½	13½-13 7/16	13⅝	14¼-13⅞	13⅝	13⅞	13	13 1/16-13⅛	13⅛-13 5/32	13⅞
Six months	13 13/16-13⅝	13 13/16-14 1/16	14	13¾-13⅝	14 1/16	—	—	—	13⅛-13 3/16	14
Nine months	14 1/16-13⅞	14-14 1/16	—	14⅜-14	14⅛	—	—	—	—	—
One year	14 3/16-14	14 1/16-14¼	14⅛	14⅜-14	14¼	—	—	—	—	—
Two years	—	—	14¼	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14⅝ per cent; four years 14½ per cent; five years 14¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 per cent; four-months trade bills 13⅞ per cent.

Approximate selling rate for one-month Treasury bills 12 9/16-12½ per cent; two-months 12 21/32 per cent, three-months 13 per cent. Approximate selling rate for one-month bank bills 12 25/32-12 21/32 per cent; two-months 12 29/32-12⅞ per cent and three-months 13 1/32-13 3/32 per cent; one-month trade bills 13½ per cent; two-months 13¾ per cent and three-months 13⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association): 14½ per cent from September 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rate of discount 13.0768 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on September 7 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	101.00
Albania	Lek	10.00
Algeria	Dinar	7.6215
Andorra	French Franc	10.555
	Spanish Peseta	177.75
Angola	Kwanza	(CM) 62.356
		(T) 65.139
Antigua (S)	E. Caribbean $	4.91
Argentina	Ar. Peso	(cm) 9,858.0
		(fn) 13,513.0
Australia (S)	Australian $	1.5860
Austria	Schilling	30.975
Azores	Portuguese Escudo	119.35
Bahamas (S)	Ba. Dollar	1.8180
Bahrain (S)	Dinar	0.685
Balearic Isles	Spa. Peseta	177.75
Bangladesh (S)	Taka	34.90
Barbados (S)	Barbados $††	3.6360
Belgium	B. Franc	(cm) 72.25
		(fn) 79.05
Belize	B. $	3.6360
Benin	C.F.A. Franc	527.75
Bermuda (S)	Bda $	1.8180
Bhutan	Indian Rupee	16.57
Bolivia	Bolivian Peso	45.05
Botswana (S)	Pula	1.6180
Brazil	Cruzeiro ‡‡	186.42
Brit. Virgin Isles (S)	U.S. $	1.8180
Brunei (S)	Brunei $	3.9310
Bulgaria	Lev	1.7450
Burma	Kyat	17.10
Burundi	Burundi Franc	164.25
Cameroon Republic	C.F.A. Franc	527.75
Canada	Canadian $	2.1770
Canary Islands	Spanish Peseta	177.75
Cape Verde Isle.	Cape V. Escudo	66.35
Cayman Islands (S)	Cay. Is. $	1.5150
Cent. Af. Repub.	C.F.A. Franc	527.75
Chad	C.F.A. Franc	527.75
Chile	C. Peso	(Bk) 70.98
China	Renminbi Yuan	3.307
Colombia	C. Peso	(F) 101.50
Comoro Islands	C.F.A. Franc	527.75
Congo (Brazzaville)	C.F.A. Franc	527.75
Costa Rica	Colon	36.40
Cuba	Cuban Peso	1.3310
Cyprus (S)	Cyprus £	0.8235
Czechoslovakia	Koruna	(com) 11.50
		(n.c) 19.67
		(T) 19.08
Denmark	Danish Krone	13.795
Djibouti	Fr.	315 (sg)
Dominica (S)	E. Caribbean $	4.91
Dominican Repub.	Dominican Peso	1.8180
Ecuador	Sucre	(O) 45.44
		(F) 56.76
Egypt	Egyptian £	(U) 1.27
Equatorial Guinea	Ekuele	355.5
Ethiopia	Ethiopian Birr	(P) 3.7250
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	13.795
Fiji Islands	Fiji $	1.6130
Finland	Markka	8.2520
France	French Franc	10.555
French C'tyin Af	C.F.A. Franc	527.75
French Guiana	Local Franc	10.555
French Pacific Is.	C.F.P. Franc	185 (sg)
Gabon	C.F.A. Franc	527.75
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.42
Germany (West)	Deutsche Mark	4.42
Ghana (S)	Cedi	5.08
Gibraltar (S)	Gibraltar £	1.0
Greece	Drachma	109.2805

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	13.795
Grenada (S)	E. Caribbean $	4.91
Guadaloupe	Local Franc	10.555
Guam	U.S. $	1.8180
Guatemala	Quetzal	1.8180
Guinea Republic	Syli	39.60
Guinea Bissau	Peso	70.60
Guyana (S)	Guyanese $	5.4750
Haiti	Gourd	9.10
Honduras Repub.	Lempira	3.65
Hong Kong (S)	H.K. $	10.86
Hungary	Forint	(com) 66.42
		(T/nc) 61.50
Iceland (S)	I. Krona	13.864(§)
India (S)	Ind. Rupee	16.57
Indonesia	Rupiah	1,146.60
Iran	Rial	148.50(sg)
Iraq	Iraq Dinar	0.54115
Irish Republic (k)	Irish £	1.20875
Israel	Shekel	23.60
Italy	Lira	2,211.0
Ivory Coast	C.F.A. Franc	527.75
Jamaica (S)	Jamaica Dollar	3.2422
Japan	Yen	419.5
Jordan (S)	Jordan Dinar	0.608(sg)
Kampuchea	Riel	2,186.6
Kenya (S)	Kenya Shilling	16.28
Kiribati	Australian $	1.5860
Korea (Nth)	Won	1.84(!)
Korea (Sth)	Won	1,258.5
Kuwait	Kuwait Dinar	0.517
Laos	New Kip	18.18
Lebanon	Lebanese £	8.4095
Lesotho	Loti	1.7300
Liberia	Liberian $	1.8130
Libya	Libyan Dinar	0.5382
Liechtenstein	Swiss Franc	3.83
Luxembourg	Lux Franc	72.25
Macao	Pataca	11.25
Madeira	Portug'se Escudo	119.35
Malagasy Republic	MG Franc	527.75
Malawi (S)	Kwacha	1.6950
Malaysia (S)	Ringgit	4.3080
Maldive Islands (S)	Mal Rupee	7.1525
Mali Republic	Mali Franc	1,055.5
Malta (S)	Maltese £	0.738
Martinique	Local Franc	10.555
Mauritania	Ouguiya	106.25
Mauritius (S)	M. Rupee	16.05
Mexico	Mexican Peso	45.20
Miquelon	C.F.A. Franc	527.75
Monaco	French Franc	10.555
Mongolia	Tugrik	(o) 6.12(!)
Montserrat	E. Caribbean $	4.91
Morocco	Dirham	10.12(sg)
Mozambique	Metical	54.70
Nauru	Australian Dollar	1.5860
Nepal	Nepalese Rupee	21.85
Netherlands	Guilder	4.90
Netherland Antilles	Antillian Guilder	3.2542
New Zealand (S)	N. Z. Dollar	2.1990
Nicaragua	Cordoba	18.20
Niger Republic	C.F.A. Franc	527.75
Nigeria (S)	Naira	1.2301(22)(sg)
Norway	Norway Krone	11.045
Oman Sul'ate of (S)	Rial Omani	0.627
Pakistan	Pakistan Rupee	17.95
Panama	Balboa	1.8180
Papua N.Guinea (S)	Kina	1.2470
Paraguay	Guarani	229.32

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peru	Sol	exc (A) 784.82
Philippines	Philippine Peso	14.18
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.1990
Poland	Zloty	(Cm) 64.09
		(T) 64.03
Portugal	Portugu'se Escudo	119.35
Puerto Rico	U.S. $	1.8180
Qatar (S)	Qatar Ryal	6.61
Reunion Ile de la	French Franc	10.555
Romania	Leu	(Cm) 8.06
		(n/c) 19.83
Rwanda	Rwanda Franc	171.78
St. Christopher (S)	E. Caribbean $	4.91
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	4.91
St. Pierre	Local Franc	10.555
St. Vincent (S)	E. Caribbean $	4.91
Salvador El	Colon	4.55
Samoa American	U.S. $	1.8180
San Marino	Italian Lira	2,211.0
Sao Tome & Principe	Dobra	72.60
Saudi Arabia	Ryal	6.24
Senegal	C.F.A. Franc	527.75
Seychelles	S. Rupee	11.60(sg)
Sierra Leone (S)	Leone	2.2162
Singapore (S)	Singapore $	3.9310
Solomon Islands (S)	Solomon Is. $	1.52.70
Somali Republic	Somali Shilling (3)	(A) 11.55
Somali Republic	Somali Shilling (4)	22.65
South Africa (S)	Rand	1.7300
South West African Territories (S)	S. A. Rand	1.7300
Spain	Peseta	177.75
Spanish ports in North Africa	Peseta	177.75
Sri Lanka (S)	S. L. Rupee	35.45
Sudan Republic	Sudan £ (1)	0.91
Sudan Republic	Sudan £ (2)	1.45
Surinam	S. Guilder	3.2542
Swaziland (S)	Lilangeni	1.7300
Sweden	S. Krona	9.485
Switzerland	Swiss Franc	3.83
Syria	Syria £	(A) 9.25
Taiwan	New Taiwan $	65.45
Tanzania (S)	Tan. Shilling	15.10
Thailand	Baht	41.52
Togo Republic	C.F.A. Franc	527.75
Tonga Islands (S)	Pa'anga	1.5860
Trinidad (S)	Trinidad & Tob. $	4.3632
Tunisia	Tunisian Dinar	0.961(sg)
Turkey	Turkish Lira	223.36
Turks & Caicos	U.S. $	1.8180
Tuvalu	Australian $	1.5860
Uganda (S)	Uganda Shilling	145.0
United States	U.S. Dollar	1.8180
Uruguay	Uruguay Peso	(cm) 20.09
		(fn) 20.05
Utd. Arab Emirates	U.A.E. Dirham	6.69
U.S.S.R.	Rouble	1.3783
Upper Volta	C.F.A. Franc	527.75
Vanuatu	Vatu	165(sg)
	Aust. Dollar	1.5860
Vatican	Italian Lira	2,211.0
Venezuela	Bolivar	7.81
Vietnam	Dong	(O) 3.9675
		(T) 4.50(!)
Virgin Islands U.S.	U.S. Dollar	1.8180
Western Samoa (S)	Samoan Tala	1.9655
Yemen (Nth)	Ryal	8.24(sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.6215
Yugoslavia	New Y Dinar	72.7836
Zaire Republic	Zaire	10.307798
Zambia	Kwacha	1.6510
Zimbabwe	Zimbabwe $	1.3530

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 76.35. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (!) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rates for non-government transactions and non-specified exports and imports. §One new Krona=100 old Kronur. (3) Parallel exchange rate for essential imports. (4) Exports, non-essential imports and transfers.

WORLD STOCK MARKETS

NEW YORK

Stock	Sept. 4	Sept. 3
ACF Industries	40	40¼
AMF	22	22⅞
AM Intl	10⅝	10½
ARA	28½	28¾
ASA	50⅞	52⅛
AVX Corp	17	17⅛
Abbott Labs	24	24½
Acme Cleve	20⅝	21
Adobe Oil & Gas	36¼	35⅝
Advanced Micro	17⅞	17¾
Aetna Life & Cas	36⅝	36⅞
Ahmanson (H.F.)	16½	16¾
Air Prod & Chem	36	34⅞
Akzona	11⅝	11⅝
Albany Int	26⅝	26½
Alberto-Culv	10⅝	10¾
Albertson's	24⅛	24⅛
AlcanAluminium	25¼	26¾
Alco Standard	19	19¼
Allegheny Ludm.	39⅛	39½
Allied Corp	45	45⅛
Allied Stores	26¼	26¾
Allis-Chalmers	16	15⅞
Alpha Portd.	10¼	10¼
Alcoa	26⅜	26¼
Amal. Sugar	40⅛	39½
Amax	52⅜	52½
Amerada Hess	27½	27⅞
Am. Airlines	14¼	14½
Am. Brands	37⅞	38
Am. Broadcast'g	28⅝	29

Stock	Sept. 4	Sept. 3
Columbia Gas	32⅛	32⅝
Columbia Pict	33¾	34⅞
Combined Int	19	19⅝
Combustn. Eng.	39	38¾
Cmwlth.Edison	20⅝	20¾
Comm.Satellite	48⅝	49
Comp. Science	16¼	16¾
Cone Mills	30¾	30½
Conn Gen. Inn.	46	48
Conoco	83¾	83⅞
Conrac	23	22⅝
Cons Edison	27	28⅛
Cons Foods	26⅛	27⅝
Cons Freight	36⅛	36
Cons Nat Gas	47¾	48⅝
ConsumerPower	16⅜	16⅝
Cont Air Lines	8⅝	7⅜
Contl Corp	23⅝	24¼
Contl Group	34¾	35
Cont. Illinois	35⅞	35⅞
Contl Telep	16	16
Control Data	66¾	67⅛
Cooper Inds	47	47⅜
CoorsAdolph	12	12⅝
Copperweld	40	40⅞
Corning Glass	56	56½
Corroon Black	20	20
Cox Broadcast'g	64¼	65
Crane	34¼	34⅝
Crocker Nat	41	41⅝
Crown Cork	28	28¼

Australia at 15-month low

WITH THE oils sector continuing to meet the brunt of the selling, Australia markets lost fresh ground yesterday, leaving the All Ordinaries index 5.2 weaker at a 15-month low of 605.6.

The Oil and Gas index, which fell more than 60 points last week, dropped another 21.2 to 656.7, about 40 per cent below its high set in April.

BHP, Australia's top oil producer, set the tone with a fall of 20 cents to a 1981 low of A$12.00. Alliance Oil slid 5 cents to A$1.50, wiping out the remainder of the 20-cent rise picked up in the wake of last week's news that the Merrimelia No. 6 well had flowed a respectable amount of oil.

The generally soft trend followed falls on the London, Tokyo and Wall Street markets last Friday. On the Commodity Market, Gold also went easier.

The gold situation was compounded when Kalgoorlie Gold Mining Associates (KGMA) reported a lower profit late on Friday. Western Mining, which has a direct interest in KGMA as well as an interest through GMK, declined 12 cents to A$4.58. Western Mining was scheduled to release its earnings report for the year to June later that day.

The Metals and Minerals index shed 4.6 to 498.1, the first index to drop below its base of 500 set at the start of 1980.

Among Golds, Poseidon fell 35 cents to A$3.95, Central Norseman 40 cents to A$7.90 and GMK 40 cents to A$7.60.

Santos declined 18 cents to A$5.40, Bridge Oil 10 cents to A$4.90, Peko-Wallsend 8 cents to A$6.14 and Stores issue G. J. Coles 15 cents to A$2.20.

Markets in the U.S. and Canada were closed yesterday for their respective Labour Day holidays.

Hong Kong

After last Friday's steadier performance, stock prices staged a fresh retreat yesterday, with unabated high interest rates and more definite signs of weakness in the Hong Kong property sector causing increasing nervousness among both local and overseas investors.

The Hang Seng index declined 33.42 to 1,564.12, while combined turnover on the four exchanges was a moderate HK$461.81m, compared with Friday's HK$627.91m.

Several analysts said that high interest rates are starting to affect the fundamentals of the market, with effects that may be long lasting. Several pointed to growing signs of a definite drop in property prices as one key result of high rates that will drag stock prices down much further.

Among Properties, Cheung Kong lost 50 cents to HK$28.30, Hongkong Land 30 cents to HK$10.10 and Swire Properties 40 cents to HK$10.30. Carrian managed to close only 5 cents easier at HK$9.40, however, with many brokers saying there was evidence that the company was buying its own shares.

Hutchison led the Hongs down, falling 80 cents to HK$19.10, while Jardine receded 50 cents to HK$19.50 and Swire Pacific "A" 30 cents to HK$13.80.

Elsewhere, Hang Seng Bank shed HK$3 to HK$131 and China Light 60 cents to HK$11.

Tokyo

After moving sharply lower in Saturday's half-day session, the market picked up early yesterday before slipping back to close mixed on light volume of 150m shares.

The Nikkei-Dow Jones Average, down 56 points on Saturday, was ahead 30.42 at the Monday morning close prior to ending the day a net 2.13 easier at 7,604.17. The Tokyo SE index, after a Saturday fall of nearly four points, closed a marginal 0.34 up at 573.92. Rises and falls on the First Market section were almost evenly matched at 263 to 265.

Some Blue Chips and other Populars firmed initially on "cheap buying," but many receded in the afternoon.

Sony lost Y80 to Y4,070, Canon Y20 to Y1,430 and Yamanouchi Pharmaceutical Y30 to Y1,450, but TDK Electronics added Y50 at Y4,170. Motors managed net gains, Honda putting on Y9 at Y919 and Toyota Y20 at Y1,320.

Oils improved, following a survey report indicating that business performance in the industry will improve sharply in the second half of fiscal 1981. Nippon Oil rose Y6 to Y910, Toa Nenryo Y9 to Y704 and Teikoku Y10 to Y820.

Paris

Stocks displayed a firmer bias in thin dealings following weekend comments by Prime Minister Pierre Mauroy that price controls would not be reintroduced and his repeated assurances that companies would receive aid from the Government. Gains otupaced declines by 99 to 68 in the French section.

Banks, Foods, Constructions, Stores and Electricals were favoured, but some signs of weakness were observed among Portfolios, Metals, Oils and Chemicals.

Germany

Bourse prices were generally lower in listless trading, with dealers reporting continued investor reluctance to buy after the recent market decline.

A 2.86 per cent July rise in West German manufacturing incoming orders failed to lift the bearish mood of the market.

Among Engineerings, GHH retreated DM 5.50 and Mannesmann DM 2.60, while Daimler lost DM 3 in Motors and AEG DM 1.20 in Electricals.

In subdued trading on the Domestic Bond market, prices of Public Authority Loans showed gains reaching to 30 pfennigs and losses ranging to 15 pfennigs.

Singapore

Shares mainly reverted to a downward course yesterday, bringing to an end the rally of the past three sessions. The Singapore Straits Times Industrial Index, which had recovered 47 points from last Tuesday's 1981 closing low of 615.26, receded 17.71 to 645.07.

The Stock Exchange of Singapore expressed a very stern attitude towards enforcing strict delivery of shares in its campaign to curb speculative short selling. Speculative shares that have been in the limelight recently continued to dominate the market tone. In the news background, the "big-four" local banks raised their Prime Rates one half of a point to a 13.75 to 14 per cent range as the money market tightened up.

Among Properties, Singapore Land fell S$1.00 to S$10.40, Selangor Properties 85 cents to S$7.30 and City Developments 20 cents to S$3.38. A broker noted bearish sentiment stemming from a local Press report that residential property prices were heading downwards.

United Engineers declined 6 cents to S$2.40: it posted a S$3.5m loss in the first half compared to a S$3.9m profit a year ago.

Johannesburg

With the Bullion price holding fairly steady, Gold shares closed narrowly mixed, where changed, after quiet trading.

Mining Financials were barely altered, but Diamond leader De Beers dipped 13 cents to R8.95. Palamin contrasted in Coppers with a gain of 25 cents at R16.00.

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

Indices

NEW YORK ACTIVE STOCKS

Walker firm on poultry ban

By Richard Mooney

MR PETER Walker, Britain's Agriculture Minister, indicated yesterday that he was determined to stand firm on his decision to ban most poultry and egg imports under a new fowl-pest control policy introduced last week inspite of threats from Brussels of legeal action over the ban.

A telegramme from M Gaston Thorn, president of the EEC Commission, warned Mr Walker that action was being considered in relation to article 36 of the Treaty of Rome which outlaws "disguised restrictions on trade."

Speaking in Hereford yesterday, after receiving the telegramme, Mr Walker said the new policy was vital to the control of this virulent disease.

The move has been widely interpreted, in Britain as well as on the Continent, as a device to exclude poultry and egg imports, especially from France, because of fears for the survival of the domestic industry in the face of subsidised competition.

But this charge would be difficult to prove, especially as the new policy, involving slaughter and compensation instead of vaccination against the disease, has bee nadvocated by the British Veterinary Association on animal health grounds for seven years.

The Ministry also points out that identical control policies operated in Ireland and Northern Ireland since before accession to the EEC have brought no objections from Brussels.

The new rules were modified slightly at the weekend to allow continued imports of sterilised egg products, a ban on which would have had serious implications for the British food manufacturing industry.

The British Poultry Federation denied yesterday that slaughter compensation would prove more costly than wholesale vaccination of birds. The total cost, which is to be borne by producers under a voluntary levy scheme, would be more than the £1m a year spent on vaccine, it admitted, but less than the £5m a year total which included application costs and losses through side effects such as reduced weight gain of treated birds.

Brazil offers coffee quota compromise

BY JOHN EDWARDS, COMMODITIES EDITOR

BRAZIL TOOK the initiative at the opening session of the International Coffee Agreement meeting in London yesterday by publicly declaring it was prepared ot accept a quota of 16m* bags (of 60 kilos each) if a global quota of 55m bags was agreed for the 1981-82 season.

Mr Octavio Rainho, chairman of the Brazilian Coffee Institute, said he took the unusual step of outlining Brazil's position at the opening session to resolve any doubts about his country's support for the Agreement. He hoped this "constructive gesture" would find an appropriate echo among producing, as well as consuming countries.

Mr Rainho said the Brazilian delegation thought the global quota should be adjusted to the demand of 55m bags forecast by the Coffee Organisation secretariat for the year from October 1981 to September 1982.

Although Brazil would be entitled to a quota of over 16.5m bags it was prepared to make an anticipated declaration of shortfall and accept a quota of 16m bags, provided that a negotiated solution to the sharing of the market can be found.

Mr. Rainho, however, suggested that the mechanism for the adjustment of quotas should be revised, since the existing arrangement had been unable to prevent the collapse of prices since May. He said there was no fundamental reason why the market should be so weak. Stocks were low and quotas tight. He noted that producers had kept their promise last year to dissolve the Pancafe organisation, which was alleged to have distorted the market. But the bearish manipulations, inspired by important consuming companies, had continued and the behaviour of the markets left much to be desired.

Mr Rainho acknowledged that the fall prices had also resulted from doubts about the future of the Agreements and there was no doubt that the sharing out of market quotas would be the main concern at the current talks.

Mr Rainho was confident that agreement would be reached, since producers recognised the consequences of unrestrained supply over the next 12 months. This year the problem of disposing of surplus coffee held by Pancafe no longer had to be faced and world supply/demand should be in reasonable balance following the frost damage to the Brazilian crop to be harvested next summer. He hoped that Brazil's decision to start the ball rolling early on would help expedite the talks. They are scheduled to run for two weeks, but it is thought they might well last longer if negotiations prove difficult.

Consuming countries are to meet today in an attempt to work out their position, especially in regard to producers' expected demands for a 10 cents a lb increase in the price range from the present range of 120 to 150 cents a lb.

Meanwhile Mr Alexandre Beltrao, executive director of the International Coffee Organisation said he believes there could be an increase of over 5m bags in net carry-over stocks during the coffee year 1981/82 (Oct-Sept) in spite of the recent frost in Brazil.

Mr Beltrao estimated that 1980/81 brought a build-up of stocks in exporting member countries of about 11m bags, and, stocks at end-September will total about 23m.

The stocks' build-up reflects restraint imposed on exporting countries by the quota system and the degree of sacrifice of producing countries through the physical retention of coffee he added.

Indonesian rubber stockpile plan

BY RICHARD COWPER IN JAKARTA

THE Indonesian Government is actively considering the possibility of setting up a national rubber stockpile in a bid to halt the sharp decline in rubber processing over the past six months, but as yet has reached no firm decision.

In the meanwhile, however, the Minister for Agriculture has called on one of the leading Government-owned estates to start making preparations for the building up of a small local stockpile. The Minister also plans to despatch a senior official to Malaysia, Thailand, and Singapore in the near future for preparatory talks on the question of a much larger national stockpile.

The moves come less than two months after Malaysia, the world's largest producer and exporter of rubber, announced that it would create its own national buffer stock, as well as reducing the level of tapping in order to reduce the volume of natural rubber available on the world market. Malaysia is understood to have called on Indonesia to follow suit.

"The government is still considering the question of whether to set up a national stockpile, but in the meanwhile we are concentrating on reducing export levies and taxes to provide our producers a better rate of return," said the Director General for General Trade, Dr Soehadi Mangkusuwondo.

Dr Soehadi expressed some doubts however as to whether it would be practicable for Indonesia to set up a national stockpile or indeed to attempt to reduce rubber production on a scale large enough to affect the world market price.

"So far there has been no decision to accumulate national stocks through the budget. It would be an expensive business, and at the moment we just do not have the available space to carry out such a policy. Because 80 per cent of our output is accounted for by private smallholders it would also be particularly difficult for us to reduce production by enough to effect the world market price.

According to Mr Harry Tanugraha, executive head of Gapkindo, the Indonesian rubber producers' association, the stockpile which is currently being planned is a fairly small one of just 5,000 tonnes and is aimed at providing better prices for local smallholders.

Gapkindo, which has publicly supported the moves by Malaysia, recently called on its members to reduce production by 20 per cent.

Mr Tanugraha says however that no decisions either on limiting production or creating a national stockpile have been made at a national level.

Rise in base metal markets

By Our Commodities Staff

THE WEAKNESS of sterling encouraged a general rise in base metals prices on the London Metal Exchange yesterday, though trading was quiet with New York closed for the Labour Day holiday.

Copper cash wirebars ended the day £8.00 up at £938.50 a tonne after traders shrugged-off a report from Lima forecasting an early end to the strike of Peruvian copper workers.

President Fernando Belaunde Terry said the strike, affecting the country's two largest copper mines, Cuajone and Toquepala, was about to be resolved.

The 6,000 workers walked out two weeks ago after 108 workers were dismissed for obeying an earlier strike call. The president said an amnesty law had been passed allowing these men to be re-employed. He said the strike was costing Peru more than $1m a day in lost revenue.

Stocks of copper held in LME warehouses fell 1,550 tonnes last week to 114,450 tonnes. Tin and zinc stocks also fell, by 60 tonnes to 12,890 tonnes and by 25 tonnes to 86,900 tonnes respectively. But zinc stocks were up 225 tonnes to 44,250 tonnes. LME silver stocks rose 120,000 ounces to 28,600,000 while nickel stocks fell 60 tonnes to 2,484. Aluminium stocks were 2,725 tonnes higher at 88,800.

The LME cash tin price gained £55 yesterday to £8,140 a tonne. Cash lead rose £10 to £430.50 a tonne and cash zinc was up £3.50 to £523 a tonne.

Japan seeks aluminum import curb

THE Japanese Government is studying measures to curb cheap imports of primary aluminium to help relieve the depressed domestic smelting industry, Reuter reports from Tokyo.

According to Japanese newspaper reports the Ministry is studying the application of a tariff quota system for primary aluminium imports, import surcharge to create funds to help affected industries.

CARIBBEAN BANANAS

Reaping the harvest of the storms

BY CANUTE JAMES IN KINGSTON

COMMONWEALTH Caribbean banana exporting countries, which traditionally have supplied the bulk of UK imports are making desperate efforts to regain sales lost as a result of hurricanes, severely damaging the crops in Jamaica and the Windward Islands.

However, so intense have been the Caribbean efforts, that some exporters have overreached themselves in supplying poor quality fruit, putting their product at a further disadvantage to the Latin American fruit which have always been superior in appearance.

Jamaica and the Windward Islands have paid dearly for the fall in quality. The Windwards were recently warned by the marketing company, Geest Industries, that the fruit which was being sent to the UK was just not good enough and Jamaica recently had to suspend shipments.

Problems for Caribbean suppliers to Britain began two years ago when a series of hurricanes destroyed most of the plantations. In 1978, the Windward Islands supplied 41 per cent of Britain's bananas; Jamaica 24 per cent, with the remainder coming from other members of the African, Caribbean, Pacific group (ACP) and 19 per cent from Latin American countries. Under the Lomé Convention Caribbean bananas have first preference in the UK market; other ACP producers—such as Ivory Coast and Surinam—second preference; and any remainder is made up by "dollar" bananas from Latin America.

In 1979 dollar area bananas rose to 30 per cent of total UK supplies and 50 per cent last year. The Windwards share fell to 22 per cent and Jamaica to 11 per cent.

In their haste to rebuild their exports to Britain, Caribbean exporters have run into severe problems. Jamaican bananas have always been criticised by British fruiterers, greengrocers and housewives as being of inferior quality. This is mainly a matter of appearance and the Caribbean trade argues that they more than make up for this in taste.

Efforts to rebuild Jamaican exports were delayed by administrative uncertainty through the change of government, but that having been completed, small shipments were made from those farms which had not been blown down. The shipments, ranging in size between 60 and 600 tonnes, had a low quality rating forcing the Banana Company of Jamaica, which has overall responsibility for the industry, to suspend shipments. As a result the company has now decided that it will not ship fruit below 70 per cent quality rating.

Shipments began again earlier this month, and Jamaica is expected to ship 22,000 tonnes of fruit to Britain for the rest of this year, aiming for 75,000 tonnes next year, which would put the trade back on pre-hurricane levels.

However, to break even it is calculated that the Jamaican banana industry must ship about 150,000 tonnes per year. This is the target which it has set for 1985, hoping to achieve this by shipping 125,000 tonnes in 1983 and 140,000 tonnes in 1984.

The problem for the Windward Islands is one of recovering too well. According to Geest Industries, the Windwards' recovery from the devastation of the hurricanes has been so dramatic that the islands were producing tonnages in July far in excess of the amount that could be handled properly. With supplies nearly twice as much as normal, quality control standards fell sharply and Geest issued a warning that it was impossible for any marketing company to force its customers to accept fruit in such volumes and of such poor quality. It claimed that much of the fruit was found to be unsaleable on its arrival in Britain.

Mr Ray Hilborne, managing director of Geest International, said the whole future of the industry was in danger. He noted it was very difficult for the British Government to maintain protective measures for Caribbean bananas if the fruit was not what the British housewife wants.

According to Geest, the message got home; quality standards were restored and quantities shipped are now back to normal levels. But recovering traditional sales to the British market is not the only problem Jamaica and the Windwards face. They are well aware that the best intentions for Caribbean bananas can be destroyed in less than a day by another hurricane.

Further moves in horsemeat scandal

BY PATRICIA NEWBY IN CANBERRA

MR PETER NIXON, Australia's Primary Industry Minister, will recommend to cabinet today a judicial inquiry into the meat substitution scandal which resulted in horse and kangaroo meat being sold to the U.S. in place of beef.

Mr Nixon suspended export operations of six more Victoria boning rooms from midnight last night. This in addition to the 27 export licences revoked in the state last week. They will be restored when the exporters "satisfy the Bureau of Animal Health."

Mr Nixon said police investigations were continuing but there were aspects of the scandal which could not be "adequately handled" by the police. He said he had delayed announcing his intention to urge Cabinet to hold a judicial inquiry until the American authorities had released 24,000 tonnes of beef impounded in the U.S.

Mr Nixon said he had been afraid the U.S. might not release the beef, worth A$40m until after an inquiry.

The discovery of horsemeat in cartons from a second Victoria meatworks has further dismayed cattlemen who fear their billion dollar beef trade is in jeopardy. Mr Nixon said the latest discovery indicated that the racket was more widespread than previously believed.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES gained ground on the London Metal Exchange rebounding the fall in sterling against the dollar. Copper closed at the day's high of £970 while tin was finally £8,335, after £8,360. Lead moved up to £435.75 after £437 and zinc closed at £538.5. Aluminium held at £671 for most of the day while nickel came under light selling pressure and finished at £3,214.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	936-7	−1.25	938-9	+8
3 mths	966-7	−1.25	968-.5	−8.5
Settlem't	937	−1	—	......
Cathodes				
Cash	936.5-7.5	−.5	938.5-9	+10.2
3 months	960-1	...	962-3	−10.5
Settlem't	937.5	−.5	—	......
S. Prod	—		*82.5-9.25	...

Amalgamated Metal Trading reported that in the morning higher grade three months traded at £966, 65.5, 66, 66.5, 67. Standard: Cathodes Cash £937; three months £960.5. Kerb: Wirebars: Higher Grade: Three months £957, 67.5, 67. Afternoon: Higher Grade Three months £967.5, 67, 67.5, 68, 68.5. Kerb: Higher Grade: Three months £969, 70, 69.5, 70. Turnover: 16,525 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8150-70	−65	8130 50	+55
3 months	8340 50	−62.5	8330-40	−60
Settlem't	8170	−70	—	......
Standard				
Cash	8150-70	−65	8130-50	−55
3 months	8340-50	+62.5	8330-40	+60
Settlem't	8170	−70	—	......
Straits E.	$935.22	−0.08	—	......
New York	—	...		

Tin—Morning: Standard Cash £8,150; three months £8,320, 20, 20, 25, 30, 40. Kerb: Standard: Three months £8,350, 55. Afternoon: Standard: Three months £8,355, 60, 55, 50, 40, 35, 30, 35. Kerb: Standard: Three months £8,340, 30, 10, 20, 30, 35. Turnover: 3,515 tonnes.

Lead—Morning: Cash £430; three months £433, 34, 34.5, 35. Kerb: Three months £435, 34.5, 34. Afternoon:

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	429.5-30	+4.25	430-1	+10
3 months	434.5-.55	+6.25	435.5-6	+9
Settlem't	430	+4		......
U.S. Spot	—	......	*42.4	......

Three months £435, 35.6, 36. Kerb: Three months £436, 37, 35.5, 34.5, 35. Turnover: 8,425 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	523-4	−1	523-4	+3.5
3 months	537-8	−1.25	536.5-7	+3.25
S'ment	524	−1	—	......
Primw'ts	—	—	*49.75-50	......

Zinc—Morning: Three months £538, 37.5. Kerb: Three months £537.5, 37. Afternoon: Three months £537.5, 36, 36.5, 37. Kerb: Three months £536, 37, 36.5, 37. Turnover: 1,442 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	646 7	−1	646-7	−6.5
3 months	670.5-1	−.5	670-.5	−5.75

Aluminium—Morning: Cash £646; three months £670.5, 71, 72, 71.5, 72, 71, 70.5. Afternoon: Three months £670, 71. Kerb: Three months £672, 71, 70. Turnover: 7,275 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	3145-50	−12.5	3140-50	−10
3 months	3210-5	−8	3210-5	+5

Nickel—Morning: Early-Oct £3,185, three months £3,230, 25, 15, 19, 15, 10. Afternoon: Three months £3,215, 10. Turnover: 306 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close. ⊕ High grade cathodes deliverable from Sept 1.

SILVER

Silver was fixed 2.35p an ounce higher for spot delivery in the London bullion market yesterday at 541.5p. [illegible]

[illegible]

RUBBER

[illegible]

COFFEE

[illegible]

GAS OIL FUTURES

[illegible]

GRAINS

[illegible]

Barley: English Feed fob Sept 102.70 East Coast seller, Nov 106.25 Dec 108.25 traded East Coast. Rest unquoted.

HGCA—Locational ex-farm spot [illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

COCOA

[illegible]

TEA AUCTION

[illegible]

POTATOES

[illegible]

COTTON

[illegible]

JUTE

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

The American markets were closed yesterday to celebrate Labor Day.

Canadian grain exports stranded on railway

BY VICTOR MACKIE IN OTTAWA

CANADA'S biggest railways have sent out lay-off notices to more than 200 workers. There are close to 7,000 fully loaded cars packed up across the prairies because of the grain handlers' strike at Canada's busiest grain port, Thunder Bay.

Mr James Downey, Minister of Agriculture for Manitoba, joined several Progressive Conservative MPs in demanding back-to-work legislation to end the strike. The Canadian Wheat Board has estimated it is costing farmers up to C$10m daily in lost grain sales.

Senator Hazen Argue, Minister responsible for the Wheat Board, said he was still hopeful the Canadian Lakehead Grain Elevator Workers and Lakehead Terminal Elevators Association could come to a negotiated settlement. The 1,500 grain handlers shut down operations at six terminals last Wednesday four days after negotiations over new labour controls collapsed.

In Washington Reuter reported that China plans to buy between 8.2m and 8.5m tonnes of U.S. grain in 1981, the first year of the U.S.-China four-year grain supply agreement.

U.S. Agriculture Department (USDA) officials said the purchase plans were disclosed during two days of consultations with the Chinese.

USDA's most recent statistics show that China has already bought 6.62m tonnes of wheat and 215,000 tonnes of maize for shipment this year.

The exact amount China buys in the first year will depend on how the weather later this year affects the Chinese crops. At the consultations, the U.S. said China would be able to take more than the maximum yearly level of 9m tonnes for 1981. Under the pact, China must buy a minimum of 6m tonnes, and can take up to 9m, but purchases above 9m tonnes require American approval.

While USDA officials said there would be no limit on how much grain China takes above the 9m tonnes for 1981. It was not even certain Chinese purchases would reach 9m tonnes.

Considering Chinese grain importing capacity for the rest of this year, they said China probably will be unable to import substantial amounts beyond the 9m tonnes level.

Meanwhile Mr John Block, U.S. Agriculture Secretary, said new consultations on the long term grain agreement with the Soviet Union will be held in Moscow on September 30, and October 1.

INDICES

FINANCIAL TIMES

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

REUTERS

[illegible]

EUROPEAN MARKETS

ROTTERDAM, Sept. 7.

[illegible]

PARIS, Sept. 7.

[illegible]

LONDON STOCK EXCHANGE

Fund-raising fears and Wall Street worries continue to undermine equities—Control of Guthrie changes hands

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Aug 28	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5
Sept 28	Oct 8	Oct 9	Oct 19

* "New-time" dealings may take place from 9.30 am two business days earlier.

Fears of London equity markets being tapped this week for fresh investment funds caused leading shares to slide further yesterday. Several industry leaders are scheduled to make trading announcements over the next few days as well as many secondary concerns. *Bowater, due to report tomorrow*, was again singled out as a prime candidate for fund-raising, and came under further selling pressure before rallying quite strongly later.

Rights issue worries were not the only deterrent to investment incentive. Markets also reflected concern about the weakness of Wall Street, closed yesterday for Labor Day, coupled with further adverse views of UK economic prospects.

The trading pattern contrasted with Friday when the *bulk of the fall represented* dealers' markdowns. Leading shares eased only slightly at yesterday's opening, but values soon went lower in the continuing absence of institutional and other demand. Specific equity sectors encountered *nervous selling, particularly the* popular Electricals and Insurances. For the remainder, it was more a case of a gradual lowering of prices until support was *forthcoming.*

Measuring the trend, the FT Industrial Ordinary share index, only 1.5 off at 10.00 am, was 7.6 down at noon and at the three following calculations showed a loss of around 8 points. Bear-covering after the official, 3.30 pm, close left it 7.0 down on balance at 547.9. Most constituents ended with falls limited to 4, but GEC recorded a loss of 22, at 768p, while **Blue Circle** and **Thorn EMI** closed around 10 down.

Plantations were excited by the dawn raid on Guthrie and Permodalan Nasional's success in gaining control of Guthrie within a few hours. The Malaysian *concern intends to extend the* offer of 901p per Guthrie share to all shareholders.

Marginally higher U.S. Treasury bill rates and yesterday's *fall in sterling inhibited* interest in Gilt-edged securities. Occasional selling found buyers *extremely reluctant for most of* the session but in the late afternoon small support developed and quotations picked up slightly. The longs were most affected and closed with losses extending to ½, while the shorts were sometimes ¼ easier, both after a sparse trade.

Demand for Traded options declined, only 719 deals being arranged compared with last Friday's 1,630. ICI and Lonrho *recorded 112 calls apiece*, while **British Petroleum** attracted 99.

Insurances dull again

In Insurances, **Royals**, 400p, *and* **Guardian Royal Exchange**, 338p, shed 10 apiece, while **Eagle Star** gave up 5 to 303p. Life issues had **Prudential** 6 down at 241p in front of Thursday's interim results, and **Legal and General** 10 off at 251p.

The major clearing banks *continued to drift easier*, **Barclays** losing 7 to 448p. Elsewhere, **Royal Bank of Scotland** shed 10 to 178p on the after-hours' report that the Monopolies *Commission report on the rival bids* for the company, from Standard and Chartered and Hongkong and Shanghai, originally expected around mid-November, could be delayed until February.

Movements of note in Breweries were confined to *regional issues of which* **Joseph Holt**, 530p, and **Home Brewery**, 545p, added 20 and 10 respectively.

Selling in the Building sector was generally light, but leading quotations usually gave ground in the absence of support. **Blue Circle** drifted off to close 10 down at 506p. Adverse Press *comment prompted a reaction of* 10 to 120p in **Marchwiel**, while **Wilson (Connolly)**, a rising market recently in front of tomorrow's interim results, shed a like amount to 190p. **Phoenix Timber**, the subject of considerable speculative activity *recently, gave up 6 to 116p.* Against the trend, **Nottingham Brick**, a thin market, added 6 to a 1981 peak of 148p and **A. Monk** improved a couple of pence to 63p.

Additionally burdened by news that the company is planning another 3,000 redundancies, **ICI** slipped to 260p before *closing 4 cheaper on balance at* 262p.

Lowland Drapery react

Interest in Stores remained at a low ebb and the leaders continued to drift lower, although a slightly firmer tone towards *the close left most above the* worst. **Gussies "A"** closed 5 lower at 463p, after 460p, while **House of Fraser** shed a penny to 177p, awaiting tomorrow's *half-timer. A more detailed* appraisal of the interim figures prompted marked dullness in **Lowland Drapery**, 5 lower at 22p. In contrast, Press comment lifted **Hiltons Footwear** 4 to 96p.

Leading Electricals met fresh selling, but a few cheap buyers at the lower levels left most quotations a shade above the worst. *Plessey ended 8 down at* 368p, after 363p, while **Racal** finished 7 lower at 448p, after 442p. **GEC**, however, closed around the day's lowest with a *fall of 22 at 768p.* **Berec** *featured* secondary issues, closing 27 up at 120p compared with the *share exchange offer worth* around 107p per share from **Hanson Trust** and the latter's *alternative cash bid of 105p;* **Hanson** *gave up 9 to 286p. Awaiting today's interim results,* **BICC** eased 10 to 276p.

Engineerings passed a quiet session, but followed the downward trend. **Hawker** were note*worthy for a fall of 8 at 332p,* while favourable comment on the proposed rights issue failed to benefit **John Brown** which eased 3 more to 81½p. Among *secondary issues,* **Westland** met sporadic offerings and gave up 6 to 104p, while **Chemring**, a limited market, lost 10 to 230p.

Bowater dip and rally

Certain leading Foods moved against the general trend. **Associated Dairies** were notable in Retailers, rising 6 to 194p. **Tate and Lyle** improved 4 to 190p and **Unigate** hardened a penny to 100p. Elsewhere, demand in front of today's half-yearly results left **Nurdin and Peacock** 3 dearer at 146p.

Trusthouse Forte reacted to 120p before closing a net 2 down at 121p ex the rights issue: the now nil-paid shares opened at 11p premium and slipped to 9p premium before settling at 10p premium.

Still reflecting fears that a rights issue may be announced with *tomorrow's interim results,* **Bowater** encountered further selling and fell to 240p before closing 4 off on balance at 250p. Among the other miscellaneous *industrial* leaders, **Pilkington** remained unsettled by the gloomy statement on UK trading conditions and reacted afresh to 315p before settling at 318p for a fall of 10 on the day. Against the trend, **Reckitt and Colman** rallied 6 to 298p awaiting today's *interim statement.*

British Aerospace met sellers and stood out with a fall of 12 at 229p. **De La Rue** weakened 15 to 760p in a thin market, while **Aeronautical and General** *gave* up 10 to 330p following the annual statement. Compared with the suspension price of 15p, dealings resumed in **Viners** at *7p,* following details of the proposed rights issue which forms part of the agreed bid from a *U.S. consortium.* **Thomas Tilling** gave up 6 to 166p in front of tomorrow's interim results, while **BTR**, half-yearly figures due on Thursday, lost 8 to 356p. Of *the occasional bright spots,* demand in a limited market lifted **Alexander Russell** 13 to 320p.

Oils steadier

Motor Components usually *ended with moderate losses, but* **Brown Bros.** attracted speculative interest and rallied 3½ to 24p; it was announced well after the market had closed that Dana Corp. has made an approach which may lead to an offer of 26p per share for the 31 per cent *minority holding.*

Properties followed the general trend. **Land Securities**, 330p, and **MEPC**, 240p, shedding 4 apiece. **Warnford Investments** came on offer and, in a thin market, lost 15 to 440p. Among the isolated firm spots, **Centrovincial Estates** added *3 more to* 203p as bid rumours persisted, while a favourable Press mention left **Greencoat** ½ dearer at 15½p. **Control Securities** found support and improved 2½ to 62p. **Land Investors** held at 59p despite the lower annual profits.

Interest in the Oil market was at a low ebb, but much steadier conditions prevailed after the recent sharp shake-out. **BP** edged up a few pence to 306p, *while* **Lasmo** *firmed 5 to 525p* and **Tricentrol** 4 to 256p.

P & O Deferred encountered nervous offerings in front of tomorrow's mid-term statement and *closed 3 lower at 114p.*

Quiet mines

Textiles were featured by **British Mohair Spinners** which advanced 5 to 50p in response to a favourable Press mention.

The recently neglected Plantations sector was greatly enlivened by the surprise takeover of **Guthrie by Permodalan Nasional**; the latter, which already held a near-25 per cent stake in Guthrie, launched a dawn-raid and *subsequently offered 901p* per share for the remaining equity. Guthrie fluctuated between 906p and 850p before settling for a gain of 225 at 887p. Sympathetic movements were evident among selected Rubber issues. **Harrisons Malaysian Estates**, annual results expected tomorrow, touched 208p, before a close of 203p, up 8, while **Barlow**, 103p, and **Boustead**, 133p, added 5 apiece. **Harrisons and** *Crosfield ended 56 to the good* at 806p.

The closure of a number of Continental *centres* and the Labor Day holiday in the U.S. led to a quiet day in mining markets.

South African Golds were *marginally firmer* with the bullion price holding around $437 an ounce, but interest fell to minimal levels. The Gold Mines index moved up 3.2 to 385.0.

Financials were mixed, also in subdued trading. In the South Africans, **Anglo American Corporation** edged up 3 more to a *year's high of 763p*, while **GFSA** rose ½ to £40¼ and **"Amgold"** ½ to £46.

Coals were vulnerable, however. **Transvaal Consolidated Land** *dipped ½ to £24½.* **Rand London Corporation** dropped 5 more to a 1981 low of 163p and **Rand London Coal** 2 to a low of 63p, both still reflecting poor results announced last week.

Australians put on a much brighter performance after the substantial losses of the past few weeks. The market opened a *shade easier—in line with the* trend in overnight Sydney and Melbourne markets—but subsequently staged a modest *rally* which left most of the leaders showing minor gains.

Western Mining held at 290p following the full-year results and unchanged dividend. **Central Norseman** were similarly *unchanged* at 500p in the wake of the figures.

Northern Mining remained suspended in London; dealers expect the suspension to be lifted in Australia overnight following news that **Endeavour Resources** may proceed with the takeover bid.

FINANCIAL TIMES STOCK INDICES

	Sept. 7	Sept. 4	Sept. 3	Sept. 2	Sept. 1	Aug. 28	A year ago
Government Secs	63.90	64.15	64.49	64.45	64.12	64.09	69.55
Fixed Interest	65.80	65.84	65.90	65.76	65.68	65.61	70.57
Industrial Ord	547.9	554.9	568.0	568.3	568.0	573.8	482.0
Gold Mines	385.0	381.8	390.1	386.1	383.5	378.7	447.5
Ord. Div. Yield	5.46	5.40	5.29	5.28	5.29	5.25	7.45
Earnings, Yld. % (full)	9.73	9.02	9.22	9.20	9.21	9.11	17.63
P/E Ratio (net) (*)	13.05	14.79	14.27	14.29	14.28	14.44	6.90
Total bargains	16,269	15,629	15,036	16,268	16,270	18,980	20,388
Equity turnover £m.	—	121.60	110.61	111.40	91.62	115.47	100.42
Equity bargains	—	12,090	11,937	12,236	11,734	12,037	15,106

10 am 553.4. 11 am 551.2. Noon 547.3. 1 pm 546.7.
2 pm 546.8. 3 pm 546.8.

Latest Index 01-246 8026.

Nil = 11.67.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (29/5)	63.12 (21/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5)	65.36 (21/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 4	Sept. 3
—Daily		
Gilt Edged Bargains	135.8	155.8
Equities Bargains	78.5	77.5
Value	345.8	225.5
5-day Avrge.		
Gilt-Edged Bargains	139.6	145.9
Equities Bargains	77.8	81.1
Value	221.8	227.9

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (21)

FOREIGN BONDS (1)
Greek 7pc Ass.

BUILDINGS (2)
Nott. Brick; Rohan

STORES (1)
Hiltons

ELECTRICALS (3)
Berec; Pilco 'A'; Lec Refrigeration

ENGINEERING (4)
Cohen (A.); Lane (Percy); Green's Economiser; Vosper

INDUSTRIALS (6)
Extel; J. B. Holdings; Fogarty (E.) Defd.; Marling; Harris (Ph.); Russell (A.)

NEWSPAPERS (2)
Assoc. Book Pubs.; Bristol Evening Post

TRUSTS (1)
Greenfriar

MINES (1)
Anglo American

NEW LOWS (35)

BRITISH FUNDS (2)
Treasury 8pc '02-06; Funding 5¼pc '87-91

AMERICANS (1)
Tenneco 10pcLn.

CANADIANS (1)
Hawker Siddeley Can.

BANKS (1)
Guinness Peat

STORES (3)
Beattie (J.) 'A'; Mothercare; Foster Brothers

ELECTRICALS (1)
Forward Technology

ENGINEERING (3)
Brooke Tool; Westland; R.H.P.

INDUSTRIALS (5)
Alpine Hldgs.; Pitney Bowes Ln.; Berwick Timpo; Viners; Kalamazoo

LEISURE (2)
Man. Agency Music; Norton & Wright

TRUSTS (4)
F. & C. Enterprise; Bonusbond; Oil & Assoc.; Lon. Merchant Defd.

OIL AND GAS (4)
KCA Drilling; Weeks Aust.; Magellan Pet.; Weeks Pref. (Aust.)

MINES (8)
Rand London; Hampton Areas; Rand London Coal; Ollmin N.L.; Canada Northwest; Tronoh; Central Pacific; Highwood Res.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	76	14
Corpns., Dom. and Foreign Bonds	3	8	59
Industrials	123	417	830
Financial & Props.	27	228	247
Oils	18	44	40
Plantations	4	3	16
Mines	57	42	69
Others	54	104	42
Totals	288	922	1,317

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Berec	120	+27	Harrisons & Crosfield	806	+56
Bowater	250	−4	ICI	262	−4
Brit. Aerospace	229	−12	Plessey	368	−8
GEC	768	−22	Prudential	241	−6
Guthrie	887	+225	Tilling (T.)	166	−6
Hanson Trst.	286	−9	Trusthouse Forte	121xr	−2

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Friday's closing price pence	Day's change	Stock	No. of price changes	Friday's closing price pence	Day's change
RTZ	19	532	−28	BET Defd.	11	150	−8
Glaxo	16	414	+6	Racal Elect.	11	455	−11
Pilkington	16	328	−29	De Beers Dfd.	10	390	+1
GEC	14	790	−20	Johnson Matt.	10	293	−7
Plessey	14	376	−16	Lucas Inds.	10	223	−7
Aml. Dst. Prds	13	80xa	—	Distillers	9	206	−9
Bowater	11	254	−8	Royal Ins.	9	410	—

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 7	Sept 18	Dec 3	Dec 14
Sept 21	Oct 2	Dec 17	Dec 28
Oct 5	Oct 16	Dec 31	Jan 11

For rate indications see end of Share Information Service

Stocks favoured for the call included Southern Pacific Petroleum, Woodside, KCA Drilling, *Candecca, ICL, Alexander* Howden, British Benzol, Poseidon, Dunlop, North Kalgurli, FNFC, Royal Bank of Scotland, Cawoods, West Driefontein, *Welkom and* RTZ. A put was arranged in P & O Deferred, while doubles were struck in ICI, Premier Oil, Woodside and P & O Deferred.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
153	F.P.	21/8	172	152	✤Aerospace Eng.	155	−3	bd7.5	1.4	6.9	14.4
64	F.P.	3/8	63	60½	East of Scot. Onshore	61	−1	g0.83		2.0	—
§52	F.P.	24/8	95	75	✤Fleet St. Letter. 5p.	90	−2	u2.5	—	4.0	18.9
—	F.P.	14/8	7	6	✤Hartons 5p.	7		—	9	—	—
25	F.P.	18/9	28	27	Japan Assets Trust 10p	27		—	—	—	—
62	F.P.	2/10	56½	55	Jeavans Eng.	56	+1	b3.75	—	9.6	7.3
§130	F.P.	1/10	136	132	✤Markheath 54.8%Pfd	136		13.66	1.7	14.3	—
[illegible]	F.P.	20/8	125	110	✤Newcourt Oil	110	−5	—	1.6	—	—
—	F.P.	—	180	180	Nippon Electric	180		Q325%	2.9	0.9	39.7
100		25/9	103	98	✤Ramus	100		gd5.0		7.1	7.7
—	F.P.	18/9	14	10	Stewart Ent. Warrs.	12		—	2.1	—	—
52	F.P.	28/8	120	114	St'ckhold'rsF.E.Inv $1	114		—		—	—
56	F.P.	7/8	86	75	✤Thorpac	92		b1.82	—	2.8	12.0
100	F.P.	15/7	104	95	Utd.Comp.&Tech. 50p	99		—	3.7	—	—
§15	F.P.	25/9	17½	15½	✤WillaireSystems 10p	15½		—	—	—	—
**	F.P.	11/9	15	13	Do. Rest. Div. 10p	13xr		—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price	+ or −
**	F.P.	—	127	122	Amal Dist. Products 10 Cv. Ln. '97	127	+5
100	£40	20/10	38¾	38¼	Birmingham Drop-Lock '86/93	38⅝	
100 ‖	F.P.	7/8	112¼	97½	Chloride 7½% Conv. Prf.	100	+1
¶	F.P.	24/9	100½	99⅞	East Surrey Water 10% Prf. 1986	101	+½
100 ‖	F.P.	28/8	113	104	Hanson Trust 9½% Cv. Uns. Ln. 2000-6	108	−5
98½	£25	12/11	25¾	24½	Inco 15¾% Uns Ln. 2008	25	
100 ‖	F.P.	12/8	124½	110½	Jones (Edward) 15% Cnv. Uns. Ln. '96-98	115	−1
¶97	£10	3/9	110	94½	*Mid-Kent Water 9% Red. Prf. 1987*	94½	
‖	F.P.	17/7	104¼	95	Mount Charlotte 9½% Cnv. Ln. 1995-2000	96	
§100	F.P.	—	100⅛	100	Nat'wide Bdg Society 14½% Bds(25/8/82)	100⅛	
100 ‖	F.P.	23/7	179	101	Prop. Hldg. & Inv. Tst. 8½% Cnv. Ln.	102	
**	F.P.	21/8	93p	82½p	Sterling Credit 3.5% Cnv. Red. Pref.	84p	
100p ‖	F.P.	11/8	101⅛p	75p	"W" Ribbons 10% Cum. Red. Prf. '95-96	75p	
¶100	F.P.	24/9	101½	100½	York Waterworks 10% Red. Pref. '85	101½	+½

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ☐	1981 High	1981 Low	Stock	Closing price p	+ or −
22	F.P.	31/7	11/9	24	22½	A.I.D.	23½	
60	Nil	—	—	24pm	17pm	Amal. Dist. Products	22pm	+2
275	125p	13/7	2/12	182	130	BP	152	+6
42	F.P.	20/8	17/9	53	50	Buckley's Brewery	53	+1
808	Nil	16/9	14/10	3pm	1pm	Drayton Far East'n (Units)†	2pm	−1
176	F.P.	7/8	11/9	256	200½	Extel	252	−3
11	F.P.	28/8	30/9	13	10¾	Gartons	11	
62	Nil	11/9	7/10	12½pm	7pm	H.A.T. Group	10½pm	−1
HK$12	HK$6	28/8	9/10	109	66	Hong Kong & Shanghai Bk.	87	−2
12½	Nil	9/10	18/9	19pm	11pm	Jantar	17pm	−1
131	F.P.	28/8	25/9	178	156	Ladbroke	167	
110	F.P.	7/9	19/10	133½	116	Laird Grp.	132½	−1
35	F.P.	21/8	2/10	49	41	Lane (Percy)	49	
77	F.P.	20/8	25/9	92	81	Moss Engineering	86	
160 ‖	F.P.	9/7	12/8	203	185	New Court Nat.Res. Units	202	−1
A$1	Nil	—	—	148pm	84pm	Pancontinental	84pm	
85	Nil	—	—	74pm	70pm	Property Sec. Inv. rt.	72pm	−1
112p	Nil	—	—	12pm	9pm	Trusthouse Forte	10pm	
360p	Nil	9/9	9/10	190pm	135pm	Utd. Scientific	135pm	−7
15	Nil	11/9	25/9	2½pm	½pm	✤Willaire Systems	½pm	−½

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. ☐ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✤ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Comprising 8 Ordinary and 3 Warrants.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Sept. 7, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. Sept. 4 Index No.	Thurs. Sept. 3 Index No.	Wed. Sept. 2 Index No.	Tues. Sept. 1 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	364.80	−1.8	9.92	4.25	12.40	371.54	378.92	378.41	378.61	285.80
2	*Building Materials* (25)	321.20	−1.7	13.35	5.33	8.57	326.78	333.72	333.89	331.43	253.14
3	Contracting, Construction (28)	587.90	−1.3	16.21	4.86	7.17	595.55	601.91	600.22	602.57	422.77
4	Electricals (30)	1202.93	−2.1	7.50	2.30	16.63	1228.57	1259.89	1257.91	1255.35	861.03
5	Engineering Contractors (10)	502.83	−0.3	12.76	5.42	9.23	504.13	505.60	503.88	505.68	343.69
6	Mechanical Engineering (69)	208.19	−1.8	11.60	5.48	11.10	212.08	215.54	215.98	216.98	182.91
8	*Metals and Metal Forming* (13)	168.26	−1.2	9.45	7.06	13.88	170.37	174.03	173.75	174.19	166.87
9	Motors (21)	102.64	−1.6	1.66	6.74	—	104.29	106.49	106.56	107.25	100.23
10	Other Industrial Materials (18)	385.89	−2.0	9.32	5.21	12.86	393.90	399.11	397.57	399.35	0.00
21	CONSUMER GROUP (195)	286.41	−0.7	11.96	5.68	10.33	288.31	293.60	292.29	292.87	247.43
22	Brewers and Distillers (20)	299.16	−0.7	14.94	6.45	8.05	301.41	308.77	309.28	309.47	298.65
25	Food Manufacturing (21)	273.24	−0.5	14.30	*6.12	8.44	274.52	277.87	276.59	277.65	222.60
26	Food Retailing (14)	566.64	+0.7	8.68	3.13	13.75	562.94	572.90	568.06	569.36	385.95
27	Health and Household Products (7)	357.21	−0.8	7.76	4.12	15.40	360.13	363.73	361.20	361.19	231.76
29	*Leisure* (22)	448.29	−1.1	8.89	4.87	13.98	453.39	461.82	458.44	458.01	339.31
32	Newspapers, Publishing (12)	494.41	−1.3	12.51	5.98	11.44	501.07	508.89	511.37	514.89	434.09
33	Packaging and Paper (13)	147.62	−1.2	14.12	7.17	8.43	149.48	152.38	154.26	156.24	127.36
34	Stores (44)	265.21	−0.9	10.89	5.02	12.26	267.63	272.34	269.83	270.26	241.08
35	Textiles (23)	161.96	−1.2	7.20	5.64	19.94	163.88	166.35	165.57	165.38	119.42
36	Tobaccos (3)	259.27	−0.1	19.59	9.63	5.98	259.46	268.73	264.73	269.73	290.71
39	Other Consumer (16)	285.04	−0.2	4.28	5.92	59.84	285.68	289.05	291.18	290.47	0.00
41	OTHER GROUPS (79)	228.77	−1.3	10.72	6.27	12.00	231.86	235.55	235.24	235.33	226.82
42	*Chemicals* (15)	283.85	−1.3	4.78	6.40	40.19	287.64	292.21	293.23	291.98	316.45
44	Office Equipment (5)	112.54	−1.6	15.21	7.60	7.94	114.35	117.98	115.69	117.60	105.68
45	Shipping and Transport (13)	523.80	−1.1	21.19	7.28	5.57	529.46	535.86	538.06	536.69	606.02
46	*Miscellaneous* (46)	306.15	−1.4	12.57	5.48	9.58	310.43	314.60	313.37	314.32	282.33
49	INDUSTRIAL GROUP (488)	304.89	−1.2	11.03	5.16	11.24	308.55	314.30	313.40	313.78	257.98
51	Oils (12)	712.29	+0.8	20.36	8.08	5.56	706.81	711.12	719.06	705.78	799.56
59	500 SHARE INDEX	337.94	−0.9	12.58	5.65	9.61	340.90	346.55	346.34	345.65	300.95
61	FINANCIAL GROUP (119)	271.43	−1.4	—	5.52	—	275.32	277.99	277.84	279.45	240.70
62	Banks (6)	276.51	−1.5	32.22	6.78	3.66	280.84	284.17	284.48	283.76	241.94
63	Discount Houses (10)	265.46	−0.7	—	8.49	—	267.38	267.38	268.51	268.83	286.67
64	Hire Purchase (3)	244.79	−3.3	12.51	7.55	11.06	253.24	255.27	255.27	255.27	223.01
65	Insurance (Life) (10)	287.93	−2.0	—	5.30	—	293.69	295.78	295.92	298.44	240.65
66	Insurance (Composite) (9)	178.84	−2.0	—	7.38	—	182.56	184.92	184.38	186.09	170.53
67	Insurance Brokers (8)	432.44	−0.5	10.29	5.37	13.18	434.82	441.14	440.92	439.21	316.07
68	Merchant Banks (13)	169.11	−1.3	—	5.07	—	171.28	172.68	172.61	172.72	140.36
69	Property (50)	487.23	−0.8	3.95	2.88	34.23	491.26	493.74	492.96	494.85	453.23
70	*Miscellaneous* (10)	179.55	−0.9	17.84	5.98	6.82	181.21	183.90	184.51	185.17	145.85
71	Investment Trusts (109)	319.05	−0.9	—	5.00	—	321.98	325.05	324.09	325.25	269.77
81	Mining Finance (3)	264.09	−0.3	13.33	5.18	8.84	264.93	272.65	272.33	275.71	253.97
91	Overseas Traders (19)	438.23	+5.2	10.64	6.79	11.99	416.40	417.35	422.69	429.29	432.19
99	ALL-SHARE INDEX (750)	324.91	−0.8	—	5.60	—	327.64	332.53	332.37	332.54	289.52

FIXED INTEREST

	PRICE INDICES	Mon. Sept. 7	Day's change %	Fri. Sept. 4	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.82	−0.13	106.95	—	7.82
2	5-15 years	102.96	−0.31	103.28	—	8.65
3	Over 15 years	103.39	−0.41	103.81	—	10.34
4	Irredeemables	112.58	−0.17	112.77	—	9.85
5	All Stocks	104.07	−0.28	104.36	—	8.86
6	Debentures & Loans	80.90	+0.10	80.82	—	7.67
7	Preference	62.17	—	62.17	—	5.39

	AVERAGE GROSS REDEMPTION YIELDS		Mon. Sept. 7	Fri. Sept. 4	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.62	12.56	11.87
2		15 years	13.39	13.33	11.87
3		25 years	13.64	13.57	11.87
4	Medium Coupons	5 years	14.82	14.73	13.29
5		15 years	15.39	15.33	13.24
6		25 years	14.94	14.87	13.20
7	High Coupons	5 years	14.77	14.70	13.38
8		15 years	15.56	15.49	13.66
9		25 years	15.17	15.08	13.35
10	Irredeemables†		13.21	13.18	11.41
11	Debs & Loans	5 years	16.01	15.96	14.25
12		15 years	16.02	16.05	14.13
13		25 years	16.03	16.08	14.01
14	Preference†		15.83	15.83	14.54

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd. | 9.39 | 9.82 | ..... | 3.56
Clive Gilt Fd. (C.I.) | 7.98 | 8.29 | ..... | 15.52
*Prices on September 3. Next dealing September 10.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. | 255.5 | 278.0 | ..... | —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. | US$32.62 | — | −1.08 | —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) | 28.9 | 87.0xd | ..... | 15.52
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt
Investa | DM33.48 | 35.20 | −0.10 | —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Sept. 4 | $3.81 | 4.00 | ..... | —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra | DM17.59 | 18.83 | −0.07 | —
Int. Rentenfonds | DM60.53 | 62.04 | ..... | —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV Sept. 2 | US$32.01 | 34.05 | ..... | —

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey 0534 79637
DL Sterling | 42.0 | 44.7 | ..... | 6.30
DL International | $1.22 | 1.29 | ..... | 6.10

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 79933
E.D.I.C.T. | 152.2 | 164.3 | ..... | —

The English Association
4 Fore Street, EC2. 01-588 7081
E. A. Income Fund* | 69.2 | 72.6 | ..... | 6.89
E. A. Sterling* | 70.36 | 70.43 | ..... | —
E. A. Equity* | 68.08 | 72.43 | ..... | 1.73
Wardgate Cm. Fd.** | 17.45 | 18.16 | ..... | 2.75
*Next dealing Sept. 9. **Next dealing Sept. 30.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2
Tel: 01-377 1040. Telex 8814408.
Euro Hldgs. | US$20.40 | 21.05 | ..... | 9.50

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations | US$42.60 | +0.06 | 1.92

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4. 01-623 4680
F&C Atlantic Fd. SA | US$10.81 | −0.22 | 1.40
F. & C. Oriental Fd. | US$22.37 | −1.09 | 0.40
Prices Sept. 2. Weekly dealings.

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets | US$36.97 | ..... | 1.35
Am. Vals. Cum.Pf. $3* | $102.25 | ..... | 3.00
American Vals. Com.* | $20.13 | ..... | —
Dollar Savings Trust | US$33.57 | ..... | 17.57
Far East | US$32.32 | −0.32 | —
International | US$30.40 | ..... | 0.58
Pacific | US$108.37 | ..... | 0.24
World | US$22.30 | −0.28 | —
Gilt Fund | 21.3 | 21.5 | −0.1 | 14.53
*Prices at Aug. 31

First Viking Commodity Trusts
10-12 St. George's St., Douglas, IoM. 0624 25015
Fst. Vik. Cm. Tst. | 27.0 | 28.4xd | ..... | 4.60

Fleming Japan Fund S.A.
37, rue Notre-Dame, Luxembourg
Fleming Aug. 31 | US$72.45 | ..... | 4.70

Frankfurt Trust Investment—GmbH
Wiesenau 1, D-6000 Frankfurt
FT-Interzins | DM37.41 | 40.89 | +0.03 | —
Frankft. Effekt. Fd. | DM57.20 | 60.21 | −0.15 | —

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Aug. 31 | US$146.28 | ..... | —

G. T. Management (U.K.) Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:
Anchor 'B' Units | US$1.72 | 1.77 | ..... | 1.38
Anchor Gilt Edge | £8.38 | 8.44 | −0.04 | 15.05
Anchor Int. Fd. | US$8.39 | 8.61 | ..... | 1.39
Anchor In. Jsy. Tst. | 49.5 | 52.8 | ..... | 2.46
Berry Pac Fd. | US$87.45 | — | ..... | 0.74
Berry Pac Strlg. | £4.42 | 4.62 | ..... | 0.90
G.T. Asia Fd. | HK$23.01 | ..... | 1.09
G.T. Asia Sterling | £31.34 | 32.62 | ..... | 1.28
G.T. Australia Fd. | A$33.14 | ..... | 1.06
G.T. Bond Fund | US$10.55 | +0.04 | 10.90
G.T. Dollar Fd. | US$12.34 | ..... | —
G.T. Dlr. (Strlg.) Fd. | £15.37 | 16.01 | ..... | 0.98
G.T. Invest. Fd. | US$16.93 | −0.20 | 0.59
G.T. Japan Small Cos. | US$16.32 | −0.24 | —
Marianne (STG) Fd. | £8.25 | 8.61 | ..... | 7.26
G.T. Technology Fd. | US$23.32 | −2.05 | —
G.T. Pacific Fd. | US$16.65 | −0.05 | 0.21
G.T. Asean Growth Fd. | US$18.28 | — | ..... | 0.49

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531

Gartmore Fund Managers (C.I.) Ltd. (a) (b)
41, Broad St., St. Helier, Jersey. 0534-73741
Gilt Fund (Jersey) | 79.0 | 83.0xd | ..... | 14.30

Gartmore Fund Managers (Far East) Ltd. (a)(b)
1509 Hutchison Hse., 10 Harcourt Rd., H. Kong
Australian Tst. | US$9.56 | 9.234 | −0.39 | 9.60
HK & Pac. U. Tst. | US$5.471 | 6.201 | ..... | 2.60
Japan Fd. | US$28.32 | 28.258 | ..... | 0.80
N. American Tst. | US$22.68 | 24.260 | ..... | 1.00
Intl. Bond Fund | US$9.171 | 9.663 | ..... | 9.60

Gartmore Fund Managers (IOM) (a)
P.O. Box 32 Douglas, Isle of Man Tel. 0624 23911
Gartmore Intl. Inc. | 23.1 | 24.6 | ..... | 13.70
Gartmore Intl. Grth. | 159.4 | 169.6 | ..... | 0.50

Assicurazioni GENERALI S.p.A.
P.O. Box 132, St. Peter Port, Guernsey, C.I.
Sterling Managed Fd. | £113.50 | ..... | —
Dollar Magd. Fnd. | US$100.75 | ..... | —

Granville Management Limited

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029
HS Channel Is. Fd. | 149.4 | 159.3 | −4.3 | 3.25
H.S. Fxd. Int. Fd. | 84.0 | 89.0xd | ..... | 14.00

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† | US$2.38 | 2.53 | −0.27 | 0.52
OCSm. Co.*** | 127.8 | 135.9 | ..... | 2.32

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Anthony Wieler Unit Tst. Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.(a)(c)

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd. (a)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd.(a)(c)(g)

The British Life Office Ltd. (a)

Brown Shipley & Co. Ltd. (a)(g)

Buckmaster Management Co. Ltd.

Canada Life Unit Trust Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carl. Jolsy Unit Trust Managers(a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd. (a)(g)

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M. (a) (b) (c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Mgrs. (a) (b) (c)

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.† (a)

Intel (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a) (g)

Northgate Unit Trust Managers Ltd. (c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (a)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a) (b) (c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (a) (g) (z)

Rowan Unit Trust Mngt. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd. (a) (z)

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Widows' Fund Management

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a) (g)

Target Tst. Mngrs. (Scotland) (a)(b)

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

Trustee Savings Bank Unit Trust Managers

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance Co. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Insurance Co.

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Hodge Life Assurance Co. Ltd.

Imperial Life Ass. Co. of Canada

Individual Life Insurance Co. Ltd.

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

New Zealand Ins. Co. (U.K.) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planet Savings Group

Property Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Prov. Growth Pension & Annuities Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Mutual Assurance Society

Scottish Widows' Group

Solar Life Assurance Limited

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capitrex S.A.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Cheshire Commodities (Isle of Man) Ltd.

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FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅞	99⅛	Treas. Variable '81‡‡	99⅞	+⅛	13.60	13.38
100⅛	99⅝	Exch. 12¼pc 1981‡‡	99⅞	.....	12.79	13.41
98⅛	95⅛	Treas. 8½pc '80-82‡‡	96⅛	.....	8.66	13.60
96⅝	91½	Treasury 3pc '82‡‡	96⅝	.....	3.11	11.65
107	99⅞	Treasury 14pc '82‡‡	100⅞	.....	13.92	12.99
99⅛	98⅛	Treas. Variable '82‡‡	99⅛	.....	13.62	13.86
96⅛	93⅛	Treasury 8¼pc '82	95⅝	-⅛	8.68	13.61
96⅛	93⅛	Exch. 9¼pc 1982	95⅝xd	-⅛	9.67	13.96
95⅛	92⅝	Exch. 8¾pc 1983	94⅞	-⅛	9.22	12.99
92¼	84⅞	Exch. 3pc 1983	91¼	.....	3.27	9.17
99⅝	95⅞	Treasury 12pc 1983‡‡	97⅛xd	-⅛	12.31	13.93
99½	96⅛	Treas. Variable '83‡‡	99½	.....	13.64	13.84
94⅛	91⅛	Treasury 9½pc '83	93½	-⅛	9.89	13.26
101⅛	97⅝	Exch. 13¾pc '83	98⅛	-⅛	13.97	14.09
94⅛	91⅛	Exch. 10pc 1983	92⅝	-⅛	10.80	13.98
86	84½	Funding 5½pc '82-84‡‡	87½	.....	6.29	11.76
96¼	92⅞	Exch. 11¼pc 1984	94	-¼	11.97	14.19
103⅛	93¼	Exchequer 14pc 1984	99¼	-¼	14.11	14.29
82⅝	78½	Exch. 3pc 1984	81⅛	.....	3.70	11.06
96⅝	92⅞	Treasury 12pc 1984	94⅞xd	-¼	12.72	14.36
107¼	100⅞	Treasury 15pc 1985	101⅞	-¼	14.72	14.26
98⅞	91⅝	Exch. 12pc Cnv. '85	93¼xd	-¼	12.89	14.59
76	73¼	Treasury 3pc 1985	74⅛	.....	4.01	11.55
96⅛	89⅞	Treasury 11½pc 1985	90⅞	-⅛	12.65	14.64
98⅞	91⅛	Exch. 12¼pc 1985	92¾	-¼	13.21	14.57
97⅛	89⅞	Exch. 11¾pc '86	91	-¼	12.97	14.53
70⅛	68	Treasury 3pc 1986	69⅝	.....	4.32	11.64
97⅛	90	Treasury 12pc '86	91	-¼	13.19	14.66
86⅝	81¼	Treasury 8½pc '84-86‡‡	82¼	-⅛	10.33	13.59
		Five to Fifteen Years				
103⅞	94¼	Exch. 13¼pc 1987	97⅝	-⅛	13.82	14.34
81¼	75	Funding 6½pc '85-87‡‡	77⅛	-⅛	8.69	12.91
99½	89¼	Treas. 12pc 1987	92⅞	-⅛	13.53	14.83
81⅛	74⅝	Treasury 7¾pc '85-88‡‡	76½	-¼	10.26	13.57
65½	59⅛	Transport 3pc '78-88	62¼	-¼	4.86	11.38
92¼	80½	Treasury 11½pc 1989	83⅛	-¼	13.92	15.58
67¼	61¼	Treasury 5pc '86-89	64¾	-⅛	7.97	12.41
101½	86⅝	Treasury 13pc 1990‡‡	93¼	-¼	14.24	14.82
95⅛	84⅞	Exch. 12½pc 1990	85⅛xd	-¼	14.60	15.63
80⅛	72⅝	Treasury 8¼pc '87-90‡‡	74⅝	-¼	11.39	13.75
95⅛	80⅞	Treasury 11¾pc 1991	83⅛	-¼	14.47	15.61
66¼	60¼	Funding 5¾pc '87-91‡‡	60¼xd	-¼	9.48	13.08
90	78⅛	Exch. 11pc 1991	81½	-¼	14.21	15.47
96⅝	85¼	Treasury 12¾pc '92‡‡	87¼	-⅛	14.81	15.46
82⅞	71½	Treasury 10pc 1992	73⅝	-¼	13.67	15.20
94⅝	80⅝	Exch. 12¼pc '92	83⅛	-¼	14.82	15.59
101⅞	87¼	Exchequer 13½pc '92	88⅞xd	-⅛	15.19	15.65
96⅝	83¼	Treasury 12½pc '93‡‡	85⅞	-¼	14.89	15.47
63⅞	56⅞	Funding 6pc 1993‡‡	56⅞xd	-⅛	10.53	13.52
105¼	91¼	Treasury 13¾pc 1993‡‡	93⅞	-⅛	15.34	15.61
107¼	92⅞	Treasury 14½pc '94‡‡	94½	-¼	15.39	15.57
104¼	90⅛	Exchequer 13½pc 1994	92⅞	-¼	15.36	15.71
95⅝	81½	Exch. 12½pc 1994	83⅝	-¼	15.05	15.47
79¼	68⅞	Treasury 9pc '94‡‡	70⅝	-⅛	13.27	14.53
92⅞	79½	Treasury 12pc '95	81⅞	-¼	14.93	15.49
51¼	45⅛	Gas 3pc '90/95	45⅝	-⅛	6.73	10.89
83	71¼	Exch. 10¼pc 1995	73⅛	-⅛	14.29	15.17
100⅝	86¼	Treasury 12¾pc '95‡‡	88⅞	-⅛	15.05	15.38
104⅞	89¼	Treas. 14pc '96	92½	-¼	15.44	15.62
76¼	66½	Treasury 9pc '92/96‡‡	66⅝xd	-¼	13.47	14.57
115⅝	99⅝	Treasury 15¼pc '96‡‡	103	-⅛	15.62	15.64
103½	88⅞	Exchequer 13¼pc '96‡‡	92⅞	-¼	15.11	15.37
		Over Fifteen Years				
100¼	92¼	Treas. 2pc I.L. '96‡‡	94⅛	+¼	2.34	2.69
50¼	44⅛	Redemption 3pc 1986-96	44½xd	-⅛	6.71	10.32
101⅛	86⅝	Treasury 13¼pc '97‡‡	89⅞	-¼	15.12	15.34
83⅞	71⅝	Exchequer 10½pc 1997	73½	-¼	14.39	15.03
74⅝	64⅞	Treasury 8¾pc 1997‡‡	65⅞	-¼	13.42	14.35
65⅝	55⅞	Treasury 6¾pc '95-98‡‡	57½	-⅛	12.25	13.63
114½	93⅝	Treas. 15½pc '98‡‡	99xd	-¼	15.51	15.52
95⅛	80⅝	Exch. 12pc 1998	83½	-¼	15.03	15.35
79⅞	68⅛	Treasury 9½pc 1999‡‡	70	-⅛	13.85	14.47
94	80½	Exch. 12¼pc 1999	80¾xd	-¼	15.06	15.36
86¼	73½	Treasury 10½pc 1999	75¼	-¼	14.48	14.94
100	84⅝	Treas. 13pc 2000	87⅛	-⅛	15.23	15.38
107¼	92⅛	Treas. 14pc '98-01	95	-¼	15.42	15.48
93¼	78¼	Exch. 12pc '99-02	81⅛	-⅛	15.04	15.22
104⅛	88½	Treas. 13¾pc 2000-03	91¼	-½	15.35	15.41
90	77	Treasury 11½pc '01-04	77½xd	-½	14.82	15.01
41⅛	34⅝	Funding 3½pc '99-04	35⅝	-⅛	9.97	11.71
99¼	84⅛	Treasury 12½pc '03-05	86¼	-½	14.88	15.13
65¼	60⅝	Tr. 2pc IL(£60pd)‡‡	63¼	.....	2.34	2.51
68¼	59½	Treasury 8pc '02-06‡‡	59½xd	-¼	13.31	13.67
92½	77⅝	Treasury 11¾pc '03-07	80⅞	-⅛	14.86	14.94
102⅛	85⅝	Treas. 13½pc '04-08	88⅞xd	-½	15.08	15.13
50⅝	43⅝	Treasury 5½pc '08-12‡‡	44½xd	-¼	12.46	12.81
66⅛	57⅛	Treasury 7¾pc '12-15‡‡	58¼	-¼	13.52	13.52
98⅛	83¼	Exch. 12pc '13-'17	85⅝	-⅛	14.46	14.46
		Undated				
33¼	28½	Consols 4pc	29⅛	-⅛	13.93	—
32¼	27⅛	War Loan 3½pc‡‡	27½	.....	13.18	—
37⅝	32½	Conv. 3½pc '61 Aft.	32⅝	.....	10.74	—
25	21⅛	Treasury 3pc 66 Aft.	21⅛xd	-⅛	14.05	—
21⅛	18⅛	Consols 2½pc	18⅛xd	-⅛	13.56	—
21	17⅛	Treasury 2½pc	17⅛xd	-⅛	13.96	—

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1981 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
99⅝	95	Finland 14½pc Ln 1986	96	.....	15.10	15.74
92	87	Int. Bank 5pc '77/82	92	.....	5.43	14.24
99⅛	94¼	Do. 13½pc Ln 1986	95	.....	14.21	14.94
100⅛	93	Sweden 13½pc 1986	93¼	.....	14.40	15.46

CORPORATION LOANS

1981 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
93½	87½	Bath 11¼pc 1985	88¼	.....	12.68	14.94
98	92¼	Birm'ham 12½pc 1985	93¼	.....	13.41	14.86
102	91¼	Burnley 13pc 1987	95	.....	14.18	15.19
95½	87	Cardiff 11pc 1986	89¼	.....	12.83	15.04
100⅛	98⅛	G.L.C. 12½pc '82	98⅝	.....	12.67	14.48
99	95¼	Do. 12½pc 1983	96½	.....	12.96	14.62
95⅝	92½	Glasgow 9¼pc '80-82	96½	+⅛	9.79	14.46
75½	68	Herts 6½pc 1985-87	71¼	.....	9.55	14.23
98¼	85¼	Leeds 13½pc 2006	85¼xd	.....	15.84	15.70
91½	87¼	Liverpool 9½pc '80-84	88¼	.....	10.99	14.93
26	23¼	Do. 3½pc Irred.	23⅛xd	.....	14.85	—
100½	93¼	Lon. Corp. 13¼pc '83	97½	.....	13.59	14.53
88⅛	86¼	Do. 9¼pc '84-85	87¼	.....	10.60	13.33
80½	78½	LCC 5½pc '82-84	80	.....	6.88	14.09
71¼	63¼	Do. 5½pc '85-87	67¼	.....	8.33	14.35
70¼	61½	Do 6¾pc '88-90	63¼	.....	10.76	14.28
23¼	20	Do. 3pc '20 Aft.	20½	.....	14.91	—
97¼	92¼	Sunderland 12¾pc 1984	93¼	.....	13.14	14.84

COMMONWEALTH AND AFRICAN LOANS

1981 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
97½	92¼	Aust. 5½pc '81-82	95⅝xd	+⅛	5.72	12.88
87½	83½	Do. 6pc 1981-83	86½	.....	7.04	13.72
67¼	59	N.Z. 7½pc 1988-92	60¼	.....	12.23	14.92
81¼	74	Do. 7½pc '83-86	75¼	-¼	10.12	15.30
141	115	S. Rhod. 2½pc Non-Ass.	140	.....	—	—
61	43	Do. 3½pc 60-65 Asstd.	61	.....	12.25	16.80
43	26	Do. 4½pc 87-92 Asstd.	40	-1	10.98	16.50
395	333	Zimbabwe Ann (£100pd)	390	.....	—	21.95

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS-Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]							
330	180	Colby Res. Corp.	235	-5	—	—	—
310	200	Cons. Murch. 10c.	230	......	t050c	1.8	6.1
9½	6	††Exploura Gold	9½	......	—	—	—
98	55	††Hemerdon 10c.	62	......	—	—	—
180	95	Highwood Res.	95	-5	—	—	—
505	300	Northgate C$1	330	+5	—	—	—
633	372	R.T.Z.	550	-2	16.0	3.2	4.3
£130½	£93½	[illegible]	£119	-½	Q9½%	—	f5.1
103	25	††SFO Minerals 10p	25	......	—	—	—
47	22	Sabina Inds. C$1	27	......	—	—	—
44	28	††SWCM 10p	32	-1	—	—	—
585	465	Tara Exptn. $1	560	-2	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(5).
- # Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast, dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

				IRISH		
Albany Inv. 20p	46	......		Conv. 9% '80/82	[illegible]	......
Bertrams	10	......		Nat. 9¾% 84/89	[illegible]	......
Bdg'wtr. Est. 50p	465	......		Fin. 13% 97/02	£75½xd	......
Craig & Rose £1	£13	......		Alliance Gas	65	......
Finlay Pkg. 5p	22	......		Arnott	225	......
Graig Ship. £1	£23	......		Carroll (P.J.)	78	......
Higsons Brew	67	......		Concrete Prods.	90	......
Holt (Jos) 25p	530	......		Heiton (Hldgs.)	29	......
I.O.M. Stm. £1	170	......		Irish Ropes	44	......
Pearce (C. H.)	860	......		Jacob	64	......
Peel Hldgs	100	......		T.M.G.	14½	......
Sheff. Refrshmt	92	......		Unidare	75	......
Sindall (Wm.)	194	......				

OPTIONS

3-month Call Rates

Industrials		House of Fraser	10	Utd. Drapery	6½
A. Brew	6½	I.C.I.	20	Vickers	18
BOC Intl.	11	"Imps"	7	Woolworths	6
B.S.R.	7	I.C.L.	6		
Babcock	11	Ladbroke	30	**Property**	
Barclays Bank	35	Legal & Gen.	20	Brit. Land	8
Beecham	18	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	23	Land Secs.	37
Boots	20	"Lofs"	4½	MEPC	20
Bowaters	24	London Brick	7	Peachey	15
Brit. Aerospace	17	Lucas Inds.	15	Samuel Props.	13
B.A.T.	25	"Mams"	23	Town & City	2¼
Brown (J.)	9	Mrks. & Spncr	11		
Burton Ord.	14	Midland Bank	25	**Oils**	
Cadburys	7½	N.E.I.	0	Brit. Petroleum	33
Courtaulds	7	Nat. West. Bank	32	Burmah Oil	16
Debenhams	10	P & O Dfd	12	Charterhall	3
Distillers	17	Plessey	23	KCA	22
Dunlop	8½	Racal Elect.	34	Premier	7½
Eagle Star	25	R.H.M.	5	Shell	32
F.N.F.C.	3	Rank Org. Ord.	18	Tricentrol	30
Gen. Accident	30	Reed Intnl.	25	Ultramar	64
Gen. Electric	60	Spillers	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met.	18	Thorn EMI	38		
G.U.S. 'A'	44	Trust Houses	15	Charter Cons.	21
Guardian	30	Tube Invest.	32	Cons. Gold	45
G.K.N.	15	Turner & Newall	10	Lonrho	9
Hawker Sidd	25	Unilever	58	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 20

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Tuesday September 8 1981

Call for 100% gas-price rise

BY RAY DAFTER, ENERGY EDITOR

MINISTERS are being urged by the oil industry to sanction a rise in North Sea gas prices of at least 100 per cent.

Companies have told the Government only a drastic revision of British Gas Corporation's pricing policies will provide sufficient fuel to fill the proposed £2.7bn gas-gathering pipeline network.

They claim present prices are far too low to justify the £5bn-£10bn investment needed to develop the 10 to 20 North Sea fields which would feed gas into the pipeline system.

Their complaints are at the heart of problems confronting Mrs Margaret Thatcher and her Cabinet colleagues who are considering whether to proceed with the pipeline plan. Mrs Thatcher is due to chair another ministerial meeting on Thursday.

The companies say that until they know they will receive much higher prices they cannot commit themselves to providing gas to the line.

The Treasury argues that until it has an industry assurance the line will be used, doubts will continue to surround the venture.

The pipeline has been designed to collect at least 11 trillion (million, million) cubic feet of gas from the central and northern sectors of the North Sea. Some of this gas will be produced in association with crude oil.

More than 60 per cent of the reserves however lie in gas-fields which, say oil companies, will be developed only when prices are high enough.

They claim British Gas would need to pay at least 25p a therm—the equivalent in crude-oil terms of $25 a barrel—to justify development.

By the time the pipeline tariff has been paid (about 5p to 6p a therm) the delivered cost of gas could rise to more than 30p a therm—more than the 28p a therm now being paid by the Gas Corporation's domestic customers.

Deliveries of gas to domestic, commercial and industrial users would inevitably become much more expensive although the high rates paid to all companies *for new supplies* would be partly offset by the low prices paid under old contracts.

British Gas is still paying between 3p and 5p a therm for some long-established supplies from the southern sector of the North Sea.

The highest price the corporation *has agreed* is believed to be 16p a therm for gas associated with oil in the Beryl Field. A similar price has been offered for supplies from other northerly fields.

The industry wants the Government to stipulate a general reference price of about 25p a therm. This, it says, would encourage companies to spend the average £400m needed to exploit an average-sized gas-field of 800bn-1 trillion cubic feet.

Both British Gas and the Government have set themselves against a gas reference price. British Gas said last night: "We have always followed a policy of negotiating a price separately for each field, depending on its character and timing."

Energy Department officials said they had no intention of directing British Gas on pricing policies. Ministers were considering, however, ways of breaking the corporation's monopoly-right to buy offshore gas. This would create a more competitive pricing system.

● Mr Ted Rowlands, Labour energy spokesman, called on the Government to "stop shilly-shallying" over the scheme and proceed with a full publicly-invested programme.

He said the Government's delay was caused not by technical problems but by prejudice against public investment.

Jewish executive wrongly dismissed

By Maurice Samuelson

AN INDUSTRIAL tribunal has upheld a claim by the former assistant company secretary of MEPC, Britain's second largest property concern, that he was dismissed because he was Jewish.

In a two-to-one *decision, the* tribunal linked the dismissal of Mr Anthony Simmons, a London solicitor, *from his £14,500 a year* post with attempts by MEPC to conclude an important financial *deal* with the Kuwait International Investment Corporation (KIIC).

Mr Simmons, a 44-year-old married man, joined MEPC as assistant company secretary in April 1973 with *responsibility* for the company's legal business, and a view to becoming company secretary *in succession* to Mr Alan Crowe, who still holds that post.

On September 24 *1980,* Mr Simmons was told that he was redundant and his employment would cease on *November* 30 1980. He received redundancy pay, a year's salary, his company car and other *benefits.*

The tribunal said yesterday that Mr Simmons had been unfairly *dismissed.* It rejected MEPC's claim that he had become redundant and said he had been unlawfully *discriminated* against because of his race under the Race Relations Act, *1976.*

Mr Christopher Benson, MEPC's managing director, *described the tribunal's ruling as* "interesting" and said MEPC would take legal advice on whether to appeal.

MEPC, second in size only to Land Securities, includes on its board Mr Angus Ogilvy and Lord Boardman, honorary treasurer of the Conservative Party. *Its* chairman is Sir Gerald Thorley chairman of the British Sugar Corporation.

Mr Simmons's victory could cause a stir in the British property market, in which Jewish-owned *companies* are well represented. *Nabarro* Nathanson acted on behalf of *MEPC* in the *case. Lovell,* White and King acted for Mr Simmons, who was also represented by *Mr Tom Morison, QC.* Mr Michael Jones was MEPC's counsel.

The case also *contained strong* echoes of the Arab-Israeli conflict, with allegations that MEPC *dismissed* Mr *Simmons because* of anxieties that it might otherwise fall foul of the Arab boycott of Israel.

Although there was no proof that MEPC's Kuwaiti business associates had exerted pressure for Mr Simmons's removal, the tribunal, under the chairmanship of Lady Elizabeth Mitchell, found that the timing and manner of his dismissal were "strange and suspicious."

There had been no previous consultation or any formal discussion between the directors before the dismissal was recommended to them. It was also no coincidence that Mr Simmons was dismissed just before Mr Benson and Mr David Davies, finance director, flew to Kuwait in search of a further loan for investment in Australia.

They concluded: "We could not speculate on whether Arab pressure induced the respondents to dismiss Mr Simmons because he was a Jew, or whether this was a voluntary boycott on the part of MEPC—a way of getting rid of the only Jewish officer of the company before the company embarked upon a further financial transaction involving KIIC.

"But the majority did conclude that Mr Simmons was dismissed because of his racial origin."

A further hearing will take place at which *Mr Simmons's* solicitors are expected to press for costs. These are believed to be between *£5,000* and *£10,000* on each side.

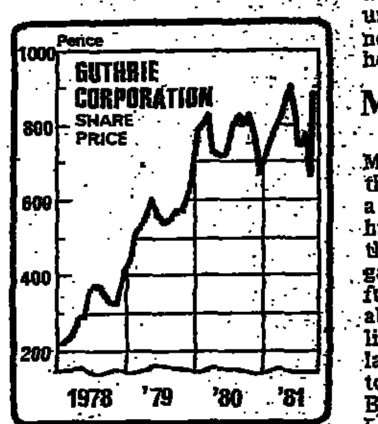
THE LEX COLUMN

The sun sets on Guthrie

As usual, statistical fog will be *permeating today's* banking figures, which cover the month to mid-August, and arise of *anything up to the* 2 per cent or so in sterling M3 expected by some analysts will no doubt *be absorbed* with reasonable stoicism. Government borrowing continued to be affected during the period by the civil servants' dispute, in its terminal stages, and a burst of round tripping is likely to have swollen the bank lending figures. With luck, most of this will prove temporary and reversible.

With each passing month, however, optimism gets harder. Meantime the external pressures are not getting any less, with U.S. markets (closed yesterday) likely to react negatively to the latest American money supply news. Yields on U.S. Treasury bonds have been edging above those on gilt-edged, an adverse influence on gilt prices yesterday. And sterling's closing trade-weighted index level of 89.5 is the lowest of the year.

Index fell 7.0 to 547.9



Guthrie

Guthrie's attempts to wriggle out of back-door nationalisation in Malaysia have had an air of desperate bravado about them. It has tried dilution — issuing shares to acquire investment trust assets and knock the old Sime Darby stake down from 30 per cent; diversification — into non-plantation activities from fire-fighting equipment to aeroplanes; and unsuccessful appeasement. This involved offering the Malaysian authorities, who had bought the Sime holding through the national unit trust Permodalan Nasional Berhad, a 40 per cent stake in the plantation interests in return for their 25 per cent holding in the whole Guthrie Corporation.

Despite all this activity, the stock market continued to suspect that a takeover was simply a matter of time. Recently the Malaysians have found both the pretext for moving in on Guthrie, and the opportunity. The pretext was Guthrie's sale of its Singapore trading company and re-investment of the proceeds in Page Airways of the U.S.—which cost $68m — without consultations with its major shareholder. The opportunity has been provided by the fall in Guthrie's share price from 1981 highs near £10 to around 650p as pressure on commodity prices has hit the plantation sector. The fall of sterling has brought the share price back even further for an overseas bidder.

Yesterday's operation began as a relatively modest affair to take the Permodalan holding up to just below 30 per cent by offering to buy shares at 901p. Shares were offered freely at this price, with M and G, which had refused to sell to Sime Darby but has since been trimming its stake, apparently a willing seller. Permodalan's advisers, who appear to have held the gorgeous East in fee, then played their strongest card by miraculously finding 12 per cent more of Guthrie in South East Asia. The announcement of a 42 per cent stake and a full bid—at a "final" price of 901p—shook out some more stock in London, and the whole thing was over in the middle of lunch.

The willingness of Guthrie shareholders to sell is understandable. Not only could there be no real argument about the price—more than 30 times last *year's earnings,* and not wildly wrong in asset terms—but the attitude of the Malaysian Gov*ernment to foreign* ownership seems to be hardening. If Guthrie's plantations are to be *nationalised, then a* bid at a premium for the whole company is better than partial confisca*tion.* When M *and* G refused Sime Darby's 530p two years ago it reckoned Guthrie shares were *worth 850p; it cannot be dis*pleased about 901p.

In addition, Guthrie's prospects *were thoroughly discussed* at the time of the Sime Darby bid, and some shareholders *clearly felt they could make up* their mind without a statement from the board. Still, bad habits are easily formed, and if is mildly disturbing to see another example of the sudden death takeover so soon after the Northern Engineering / APE affair, even if Guthrie is rather a special case. There was a certain amount of self-congratulation in the City yesterday about the breadth of the equity market; there are also plenty of unanswered questions about the nearness of fund managers' horizons.

Monopolies

"Why is there only one Monopolies Commission?" runs the joke question, and there is a little more edge to the humour following the news that yet another merger investigation is being extended for a further three months, over and above the standard six-month limit. The Royal Bank of Scotland Group probe is the latest to be extended following the Berisford/British Sugar and *Lonrho/House of Fraser* investigations. Indeed the Enserch/Davy report, promised for this Thursday, appears to have been the only recent major probe to have been completed on time.

Of course, it is hard to strike a compromise between the need to report quickly, and thus oil the wheels of the market, and to do a thorough job. And it is easy to see that the Royal Bank affair is proving a political minefield. But the way out, perhaps, is that the Commission should narrow its sights and concentrate on the question of the impact of a proposed merger on the level of competition. Scottish nationalism should be somebody else's responsibility.

Letraset

The annual report from Letraset is only intermittently *forthcoming on the misfortunes* of its Stanley Gibbons subsidiary. The "re-balancing" of *stocks has led to a cut in their* balance sheet value from £14.9m to £9.1m, though how *much of this £5.8m fall re*flected writedowns—contributing to the £2.2m operating loss at *Gibbons* — and how much stock shedding remains unclear. There were, of course, another *£4.1m* of rationalisation costs provided below the line, although despite all this the godwill arising on the consolidation of Gibbons of £12.8m, is declared to be "unimpaired."

The directors justify this on the basis of the rationalisation programme at Gibbons, and their plan for future development. Certainly Gibbons is now confidently poised to "take advantage of future recovery in the general philatelic market." Unfortunately for the moment trading remains poor, and Letraset has two takeover bids to fight right now.

Liberals confident in alliance

By Ivor Owen

LIBERAL leaders were yesterday confident that the party's annual assembly at Llandudno next week will endorse the proposed electoral alliance with the Social Democrats.

Two members of the Social Democratic Party leadership, Mr Roy Jenkins and Mrs Shirley Williams, *will appear at the* assembly.

While Mr Cyril Smith, MP for Rochdale, and some other prominent Liberals are expected to continue to voice their objections, the party managers were convinced that a substantial majority of delegates will back the link-up with the SDP.

The key section in a long *resolution on the alliance,* tabled by the Liberal Party standing committee, urges the *assembly to endorse the* objective that the two parties should work together to "secure a *majority in the next* Parliament."

Mr Jenkins and Mrs Williams *will appear on the same* platform as Mr David Steel, the Liberal leader, and Mr Jo Grimond, who has consistently championed the cause of political re-alignment since his period of office as the party's leader.

Fears that the Liberal Party, *despite its long history and* traditions, could be submerged by the more thrusting Social Democrats, *form the basis of* most of the objections to the proposed alliance.

Mr Alan Beith, the Liberal whip in the Commons will address the assembly on Wednesday, *but Mr Steel is reserv*ing his major speech for Friday.

Energy Department fights to save uranium project

BY DAVID FISHLOCK, SCIENCE EDITOR

ENERGY Department officials are preparing for a tough battle between ministers ove ra £100m nuclear fuel project for the Royal Navy, which the Ministry of Defence wants to abandon.

The project involves a special-purpose factory supplying fuel for submarines, to be built at Capenhurst, Cheshire. This is close to the GEC-Marconi underwater weapons factory at Neston, whose fate may be decided by a Cabinet committee headed by the Prime Minister today.

The factory was to have supplied fuel for Britain's growing fleet of nuclear submarines, expected to number 21 by the mid-1980s, with four big Trident submarines to follow in the 1990s.

The Ministry of Defence ordered the factory from the state-owned British Nuclear Fuels last year, to come into operation in the mid-1980s. It was to have supplied highly enriched uranium to Rolls-Royce, which manufactures nuclear fuel assemblies for the navy.

The factory would have been built alongside a new enrichment factory already under construction at BNFL's Capenhurst factory, using the same gas centrifuge technology as is used to produce fuel for commercial nuclear reactors.

Natural uranium contains only about 0.7 per cent of fissionable atoms, capable of splitting to release their energy. Enrichment artificially increases this proportion, to improve the efficiency of a nuclear reactor or to make possible a nuclear explosion.

Commercial reactors require low levels of enrichment, 2-4 per cent, but the pressurised water reactors used by nuclear submarines require highly enriched uranium, above 90 per cent—*the same level* as is required for nuclear weapons.

A U.S. Department of Energy *offer* to continue supplying highly enriched uranium on favourable financial terms has persuaded the *Defence Ministry* to abandon its previous plan to make navy fuel supplies independent.

The factory—now frozen at the design stage—would have employed about 250 people when fully operational.

The Department of Energy argues that, in ordering more enriched uranium from the U.S., the Defence Ministry is supporting a major commercial competitor of Urenco, the Anglo-German-Dutch enrichment *group, at a* particularly difficult time for the commercial enrichment industry.

—*BNFL holds Britain's one-*third share of Urenco, which has not secured a new order for over two years. *It won its last* orders by persuading German utilities to transfer contracts to it from the U.S.

The Energy Department also argues that the new navy factory will help sustain a centrifuge manufacturing and assembly operation in Britain until the market for highly enriched uranium picks up again in the second half of the 1980s.

A further argument for the BNFL factory is that it will free the Royal Navy from its dependence on U.S. enrichment for its submarine fuel since Dreadnought, the first British nuclear submarine, was launched in 1964.

Until 1979 Britain was obtaining highly enriched uranium from the U.S. in exchange for plutonium produced in Britain in Magnox (natural uranium) reactors at Calder Hall and Chapelcross. This was required by the U.S. for its nuclear weapons programme.

Torpedo contract spinoffs, Page 7

TUC Conference Continued from Page One

Civil and Public Servants, and the Institution of Professional Civil Servants, as well as the National Association of Schoolmasters and Union of Women Teachers.

Some way of protecting existing general councillors who would be vulnerable may be devised. Among the best known are the left-wingers, Mr Alan Sapper—who is due to become president of the TUC at the end of this week—and Mr Ray Buckton of the train drivers union *Aslef.*

After the decision, Mr Stanley commented: "I think it will make the policies of congress more clearly representative of the views of the shop floor, of grass roots trade unionists."

He claimed the move was not politically inspired, but only an attempt to modernise an antiquated system.

Controversy about the structure of the General Council goes back more than *five* years. But all previous attempts to introduce proportional representation have been *defeated.*

Weather

UK TODAY

FRONTAL troughs will cross the country. Cooler showery weather will follow.

London, S.E., Central South, E. Midlands, Central North, E. England, E. Anglia.

Scattered rain, occasionally heavy. Max. 19C. (66F.).

W. Midlands, S.W., N.W. England, Wales, Channel Islands.

Sunny intervals between *showers. Max. 17C. (63F.).*

N.E. England, Lake District, Scotland, Orkney, Shetland, N. Ireland.

Showers, occasionally heavy and prolonged. Max. 15C. (59F.).

Outlook: Unsettled, cool.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	Locarno	S	23	73
Algiers	S	29	84	London	C	21	70
Amsdm.	C	23	73	L. Ang†	C	18	64
Athens	C	25	77	Luxmbg.	F	22	72
Bahrain	S	36	97	Luxor	S	39	102
Barclna.	C	27	81	Madrid	S	31	88
Beirut	S	30	86	Majorca	S	27	81
Belfast	C	17	63	Malaga	S	28	82
Belgrd.	F	23	73	Malta	F	25	77
Berlin	S	23	73	Mchstr.	F	20	68
Biarritz	C	21	70	Melbne.	S	21	70
Bmghm.	F	20	68	Miami†	F	27	81
Blackpl.	F	21	70	Milan	S	24	75
Bordx.	S	28	82	Montrl†	S	14	57
Boulgn.	C	23	73	Moscow	C	16	61
Bristol	C	17	63	Munich	S	22	72
Brussels	C	24	75	Nairobi	C	23	73
Budpst.	F	22	72	Naples	S	26	79
Cairo		—	—	Nwcstl.	S	21	70
Cardiff	R	15	59	N. York†	R	19	66
Casbca.	S	23	73	Nice	F	24	75
Cape T.	R	13	55	Nicosia	S	34	93
Chicg.†	Fg	15	59	Oporto	F	22	72
Cologne	C	23	73	Oslo	F	16	61
Cpnhgn.	F	18	64	Paris	C	24	75
Corfu	F	27	81	Perth	C	20	68
Denver†	C	14	57	Prague	S	22	72
Dublin	C	17	63	Rykjvk.	C	3	37
Dbrvnk.	C	24	75	Rhodes	S	26	79
Ednbgh.	F	20	68	Rome	S	27	81
Faro	S	29	84	Salzbrg.	S	23	73
Florence	S	23	73	S'cisco†	C	14	57
Frankft.	F	23	73	Stckhm.	S	15	59
Funchal	F	24	75	Strasbg.	F	24	75
Geneva	F	23	73	Sydney	S	21	70
Gibrltr	S	25	77	Tangier	S	30	86
Glasg'w	F	19	66	Tel Aviv	S	30	86
G'nsey	C	20	68	Tenerife	S	27	81
Helsinki	S	15	59	Tokyo	F	25	77
H. Kong	C	26	79	Tor'nto†	C	17	63
Innsbrk.	S	23	73	Tunis	F	26	79
Invrnss.	C	18	64	Valencia	F	28	82
Istanbul	C	22	72	Venice	S	25	77
Jersey	C	19	66	Vienna	S	23	73
Jo'burg	S	18	64	Warsaw	S	19	66
L. Plms.	F	28	82	Zurich	F	22	72
Lisbon	F	24	75				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny.
† Noon GMT temperatures.

August car sales Continued from Page One

August in recent years has not been a particularly good month for BL, as private buyers have tended to switch to imported cars. Imports *accounted for* 63.14 per cent of the market in August (63.83 in August 1980) although their *share has declined* to 55.76 per cent for the year to date from 58.9 per cent in the first eight *months* of last year.

Sales of the Metro are holding up well but many other models have been discontinued and are in their last stages of being rundown.

It is also possible that dealers have been encouraging would-be buyers to delay making their purchases until this month—the last of the BL "Big Four" incentives campaign for dealers.

Other would-be buyers may be waiting for the new joint BL-Honda car, the Triumph Acclaim. This will go on sale at the *beginning* of next month and BL expects it to bring the company back to, or above, its 20 per cent target.

Vauxhall, whose share fell to 6.35 per cent last month against 7.01 per cent a year earlier, is in a similar position. Its Cavalier replacement does not go on sale until September 26.

Britain's other volume maker, Talbot, is still experiencing a decline. Sales dropped to 4.08 per cent *of the market* in August, from 6.12 per cent in August 1980, and are running at 4.87 per cent *for the year* (5.98 per cent). Talbot hopes for a lift from the start of assembly of the Horizon hatchback at Coventry.

VAG (Volkswagen/Audi) sold 15,360 *cars, easily topping* the 12,993 peak achieved in August 1980, for a 6.35 per cent share. *It is ranked* as the second "traditional" importer behind Datsun, which captured *7.47* per cent of the market last month.

Angola suffers in silence Continued from Page One

armed with rockets or bombs, patrol without a MiG to challenge them. Anti-aircraft fire seems more in hope than expectation of a hit.

This is an African war. There is more fleeing than fighting, in both directions. After putting up a brief resistance, Fapla's forces seem to have abandoned the *major towns and highways* and taken to the bush. Civilians have done the same.

In a day's trip *from Lubango* to Cahama, about 140 miles to the south-east, I saw no signs of great military activity, no supply trucks, and so fleeing wounded—only a few dusty foot patrols of Fapla men, armed with Kalashnikov rifles, and an ageing anti-aircraft gun being towed to a new site in the bush.

Nor was there any sign of Swapo—the South West Africa People's Organisation—against whose bases the South Africans claim they are acting. Undoubtedly they are there, in the bush, with their main military headquarters not far outside Lubango, under the protection of Sam-6 missiles.

But the South African operation seems to have been aimed far more at Fapla, with its radar sites and anti-aircraft guns, than at Swapo. All the men we met on the road were Portuguese-speaking, none speaking English or Afrikaans as one might expect of Namibians.

The Fapla brigade headquarters at Cahama had been devastated by an air attack. The soldiers had abandoned their position *in a desperate hurry,* scattering their belongings as they went. In the kitchen of the house, where several Soviet advisers had lived, the remains of an unfinished meal.

The window frame had been blown in on top of it. Whether they were civilian or military advisers was unclear, but they had stacks of political literature, piles of Pravda, and photographs of Soviet achievements on the wall.

The civilian medical post had been destroyed as well, in spite of its red cross painted on the roof. Broken bottles of penicillin lay scattered in the dust, and broken roof beams dangled over the iron beds.

Cahama is the scene of the most casualties known so far. What has happened farther south, where the South Africans have occupied N'giva and Xangongom is anybody's guess. The Agostinho Neto hospital in Lubango has received over 400 casualties from Cahama—about 100 died later from their wounds. At least 50 have died on the ground in Cahama.

Most of the injured have been soldiers, but there have been dozens of civilians too. One was a boy of 13 whose foot was blown off as he lay in bed at the medical post.

The hospital is run by Dr Philip Matuba, a young black Angolan, assisted by doctors from such countries as Cuba, the Soviet Union, and Romania. He has not been overwhelmed by casualties, "but we don't know how many have not reached here yet," he said. "They have simply scattered in the bush."

The South African act which has most incensed him was the bombing of the medical post in Cahama. "To bomb a medical post, I cannot forgive them," he said. "It is an odious act."

Angolan anger is made more bitter by the apparent impotence of the army against superior South African equipment and fire power. A Fapla battalion, on the way to relieve N'giva, was wiped out last week. Angolan anger is also directed at the U.S. for giving what is regarded as moral support to Pretoria.

The director of the local furniture factory blames President Reagan for the escalation of the fighting, which has cut his timber supplies from the southern provinces of Cunene and Cuando-Cubango.

Although the war is low-level and sporadic, Angola was decimated by the mass desertion of the Portuguese in 1975, and is desperately short of equipment and trained men. The disruption has been severe. It seems to have been the South African intention to make life as unpleasant as possible for Angola as long as it gives refuge and support to Swapo.